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U.S., Soviet Agree On Talks Format For Geneva Meeting

By Lou Cannon
Washington Post Service
WASHINGTON — U.S. and Soviet diplomats have agreed on a preliminary format for a Geneva summit meeting, which President Ronald Reagan intends to use partly as a forum to forcefully question Soviet military and human rights policies, a senior Reagan administration official said.

total of nine hours of formal discussions and spend another two to three hours with each other at meals and receptions.

Under the preliminary plan, the first day would be spent in a general exchange of views. The second day of discussions would be divided into four specific areas of discussion that the official listed as regional issues, bilateral issues, human rights and arms control.

The human rights issue could become a sticking point before the final agenda is decided, officials have acknowledged. It is considered unlikely that the Soviet Union would agree to a discussion of "human rights" even though they recognize that Mr. Reagan may raise the issue on both days of the talks.

The official who discussed the summit preparations said that the arms control discourse comes at a "propitious moment for both sides" because of new U.S. and Soviet weapons systems that still are in the development stage. He suggested that it would be easier to agree not to deploy new nuclear missiles than to dismantle them once they are deployed.

While the U.S. official did not emphasize the matter Saturday, Mr. Reagan has made it clear that he intends to present his proposal for an anti-missile space-based defense system, called the Strategic Defense Initiative.

While Soviet officials have repeatedly denounced this proposal, Marshal Sergei F. Akhromyev, the Soviet chief of staff, indicated in June that the Russians would accept continued research on space-based defenses and might reduce the Soviet nuclear arsenal if, in response, Mr. Reagan agreed to limit testing and development of the defense system.

The U.S. official dismissed the value of secondary agreements on trade, cultural, maritime and aviation relations that are likely to come out of a summit meeting. He said that "the real telling measure of the meeting" would be determined by whether Mr. Reagan and Mr. Gorbachev could agree on an agenda for solving major issues dividing the two nations.

The official said that Mr. Reagan has emphasized in "very explicit and lengthy" instructions that he wants an "exchange on fundamental" with Mr. Gorbachev.

"He wants to say that we have no hostile intentions to the Soviet Union, that you are a great power, that we don't seek to alter that, that you need not fear the United States trying to alter, overthrow or fundamentally change your system," the official said.

"That said," the official continued, "we have some misgivings about whether you have the same benign intentions and we want to talk about that. There's Afghanistan. There is generally your policy of not providing for development of developing countries" and of "not sending them food for peace or agriculture, but weapons."

"This implies that your sense of the revolution is imperialistic, that you're really trying to expand Soviet influence," he said.

"Why should we not talk about that? Let's talk about building beyond any reasonable scale of defense. Tell us how that isn't true."

The U.S. official who described the approach as representing Mr. Reagan's views said that the president was preparing for the summit meeting by reading basic "foundational pieces" that the Russians had been prepared by his national security affairs advisers.

Starting in September, when he returns from his California ranch, Mr. Reagan is to convene principal cabinet officials and advisers "in intimate settings" and hold weekly meetings in preparation for the summit meeting, the official said.

14 Killed In Attacks In Sri Lanka

The Associated Press
COLOMBO, Sri Lanka — At least 14 persons, including five policemen, were killed in the northern town of Vavuniya when Tamil guerrillas attacked a police patrol and the police staged a reprisal assault, officials said.

The attack occurred Saturday, two days before the resumption of peace talks between Tamil separatists and the government. It was the most serious incident involving security forces since a June 18 ceasefire agreement between the government and the separatists.

None of the major guerrilla groups claimed responsibility for the attack, which was seen as an attempt to sabotage the next round of peace talks, which is to begin Monday in Thimpu, the capital of Bhutan.

A senior government official said that the rebels detonated a bomb in a tractor parked near the Vavuniya rail station as a police jeep drove by, then opened fire with guns.

One policeman died in the explosion and four were shot to death, the official said. Vavuniya residents said that the police then made a reprisal assault in a Tamil area, killing nine guerrillas.

The official confirmed that there were nine dead in the second assault. "Certainly there have been reprisals after this kind of attack," he said.

[The guerrillas blew up buildings on a state farm and raided the main government office in the northern city of Jaffna, officials said, according to a Reuters report from Colombo. The officials said that no injuries were reported.]

The Tamils, who are mostly Hindu, have been waging a campaign in Sri Lanka's northern and eastern provinces to establish a homeland separate from the central government, which is dominated by the majority Sinhalese. Most of the Sinhalese are Buddhists.

The talks in Thimpu were arranged by India following a meeting in June between Prime Minister Rajiv Gandhi of India and President Junius R. Jayawardene of Sri Lanka.

Six Tamil groups were scheduled to participate in the Bhutan talks. The government delegation was to be led by Hector Jayawardene, the president's brother. The Foreign Ministry, responding to criticism that no cabinet ministers were included, said Saturday that Mr. Jayawardene's brother had been given "full powers" to represent the government.

The government has rejected most of the Tamil demands, saying that they amount to a blueprint for a separate state.

Sources said that Bhutan was chosen as the site for the talks to restrict outside pressure from hard-liners on both sides.

INSIDE
Marches in Northern Ireland took place without serious incident over the weekend. Page 2.
Highway robbers have begun ambushing motorists on Miami expressways. Page 3.
Soleiman Franjeh called for a spirit of reconciliation among Lebanese Christians. Page 5.

BUSINESS/FINANCE
China threatened to retaliate against American goods if Congress passes a bill restricting textile imports. Page 11.

PERSONAL INVESTING
Unrest in South Africa has created unease in the strategic metals market. Page 7.

TOMORROW
Japan has achieved in defeat much of what it sought in the war, but still sees itself as a society living on the edge. Part one of a series.



A man kicks the body of a black soldier who was stoned to death and burned by funeral-goers at the burial of a slain

civil rights lawyer, Victoria Mxenge, on Sunday at Rayi township, in the South African tribal homeland of Ciskei.

Policy Could Harden, U.S. Warns Pretoria

By Gerald M. Boyd
New York Times Service

WASHINGTON — The Reagan administration has told South African officials that an "emotional climate" exists in the United States that could harden U.S. policies toward that country, a senior administration official has said.

The official said Saturday that this view was presented during a meeting Thursday in Vienna of high U.S. and South African officials. The senior U.S. official said he had presented the assessment to South African officials to acquaint them with what he called the realities in the United States, including

the possibility that Congress might pass economic sanctions against South Africa despite the opposition of President Ronald Reagan.

The official steered reporters away from reports that the lifting of South Africa's state of emergency and the freeing of Nelson Mandela, the anti-apartheid leader who has been imprisoned for more than 20 years, were included in the measures discussed by Robert C. McFarlane, President Reagan's national security adviser, and Foreign Minister R.F. Botha of South Africa.

[Mr. Botha said Saturday on his return to Johannesburg that his

government wanted to release Mr. Mandela but had not agreed on the terms, the Los Angeles Times reported. "There are members of the South African government who believe he has been in jail for many years and ought to be set free," Mr. Botha said of Mr. Mandela. "The question now is how."

[The government has offered to free Mr. Mandela if he would renounce violence in the fight against apartheid, but Mr. Mandela, 67, has refused to accept any conditions for his release.]

[Questioned about reports that he had informed U.S. British and West German officials that Mr.

Mandela would be freed shortly as part of an effort by the government to end nearly a year of civil unrest, Mr. Botha said: "We certainly discussed the subject of Mr. Mandela, but I certainly did not inform them that he would be released, as they put it, unconditionally."

The senior U.S. official said Mr. Reagan had no plans to change his policy of "constructive engagement," which has focused on diplomatic pressures rather than strong public criticism and economic sanctions. But he also said he had presented what he called a "realistic portrayal of the facts" about the

(Continued on Page 2, Col. 6)

Mourners Kill Black Soldier In South Africa

Compiled by Our Staff From Dispatches
KING WILLIAM'S TOWN, South Africa — Black mourners, aroused by funeral speeches calling for the violent overthrow of white-minority rule, stoned a black soldier to death and burned his body Sunday.

The incident occurred near the end of an otherwise peaceful ceremony for Victoria Mxenge, a civil rights lawyer from Durban whose murder Aug. 1 touched off riots that killed more than 60 blacks and injured about 500 last week in that city. The police and a hospital in Durban reported nine additional deaths overnight.

There was further strife between blacks and Indians in Inanda township near Durban, where about 30 persons were killed in clashes on Friday.

Perched in trees and standing on a dusty field, 10,000 mourners near King William's Town heard Steve Tshwete, who gave one of the speeches, declare, "If we have to shoot to get our liberation, we are going to shoot."

Robin Gwete, an official of the black South African Allied Workers Union, said, "There comes a time when people have to fight or submit. We cannot submit."

As mourners walked across a road to take the body to a cemetery a half-mile away, a truck carrying three black soldiers approached, apparently disinterested in the funeral and en route to another destination. The crowd pelted the truck with stones, breaking every window.

One policeman jumped out and tried to run away. He fell under a hail of stones about 200 yards (about 180 meters) from the funeral site. Youths piled branches on his body and burned it. They pushed back reporters and shouted, "No photos."

Last month a black woman, ac-

cused of collaboration with the South African police, was similarly killed and burned. Television pictures of her death were used by the government to help justify the proclamation of a state of emergency in parts of the country.

The other two soldiers, brandish-

On Page 2

Asians in Durban are leading a precarious existence.

Pope John Paul blamed rioting on "unjust" white rule.

ing an automatic rifle, drove through the crowd and escaped. The soldiers belonged to the forces of Ciskei, a tribal homeland declared independent by South Africa but unrecognized by the rest of the world.

The funeral took place in Rayi township, a Ciskei community four miles (about 7 kilometers) from the rural white center of King William's Town.

Flags of the exiled African National Congress, the main guerrilla movement conducting a sabotage campaign against white control, were tied in trees. The crowd raised fists and chanted, "Viva ANC, viva comrade Oliver Tambo, viva Nelson Mandela."

Mr. Tambo is president of the African National Congress and Mr. Mandela, serving a life sentence for conspiring against the government, is regarded by most blacks as their main political leader.

Meanwhile, in Inanda, a peace rally attended by several Indians and thousands of Zulus who carried spears, shields and guns broke up in chaos.

Leaders of the Zulu Inkatha group loyal to Chief Gatsha Buthe-

(Continued on Page 2, Col. 7)

U.S. Stealth Bomber Is a 'Flying Wing,' Goldwater Says

By Wayne Biddle
New York Times Service

WASHINGTON — The secret Stealth bomber being developed by the U.S. Air Force is the shape of a flying wing, essentially an aircraft with no fuselage or tail, according to Senator Barry Goldwater, who has provided the first public confirmation by a government official of the bomber's design.

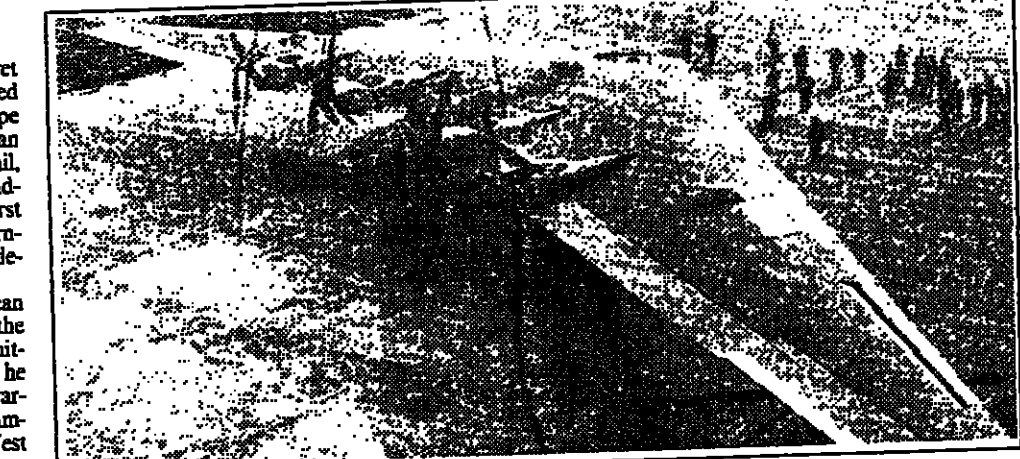
Mr. Goldwater, a Republican of Arizona who is chairman of the Senate Armed Services Committee, said through an aide that he saw a full-scale model of the warplane a year ago and would examine it again next week on the West Coast. The Stealth which is to succeed the B-1 bomber in the 1990s.

"It does look like a flying wing," the aide, speaking Friday, quoted Mr. Goldwater as saying. Mr. Goldwater added that the air force would soon begin to build a working prototype for test flights, the aide said.

There has been intense speculation about the unconventional flying-wing design in technical journals for several years. But the Defense Department has kept tight security over the Stealth program since its existence was disclosed by the administration of President Jimmy Carter in 1980.

The flying-wing design is thought to offer the least detectable shape to radar, as there would be no high tail or broad fuselage to reflect incoming radar signals.

The Northrop Corp. in Los An-



The XB-35, a 'flying-wing' bomber built by Northrop in the 1940s.

The first flying-wing aircraft of the 1940s caused a controversy among engineers and military observers. Designers now believe computer-aided flight controls will solve stability problems.

gles is the prime development contractor for the new aircraft. Northrop built and flew flying-wing military aircraft in the 1940s, but an air force plan to acquire large fleets of flying wings was never achieved.

Like the B-1, the Stealth bomber is designed to fly through enemy air defenses and drop nuclear bombs. The B-1 would rely mostly on low-level flight and electronic jamming to evade detection by defensive radars for as

long as possible. But a flying-wing Stealth bomber would take advantage of its thin profile and new, radar-absorbent structural materials to attract far less notice than the B-1.

The Pentagon has yet to disclose any cost figures for the Stealth bomber, which is officially called the Advanced Technology Bomber. Wall Street analysts estimate that Northrop has received \$1 billion annually from the Stealth program.

"By taking a more conventionally designed airplane like the B-1, fundamental limitations exist as to how much you can do to reduce the radar signature," the air force officials wrote recently in a rare comment on the Stealth bomber. "Radar signature" is a term used by the military in reference to the detection of radar signals.

A Northrop official said Friday that the company was building a new facility for the air force at a

desert airfield in Palmdale, California, about 50 miles (80 kilometers) north of Los Angeles. The space shuttle orbiter and a number of military aircraft, including the B-1 bomber, have been built in Palmdale.

While the Pentagon budget for developing the new bomber has been hidden among other secret programs, some members of Congress familiar with the project have expressed alarm about its magnitude.

The B-1 program has been limited by Congress to 100 bombers. They are now entering service at a cost of \$200 million apiece. Estimates given to Congress indicate each Stealth bomber might, at least in initial production, cost three times that amount.

The first flying-wing aircraft built by Northrop in the 1940s caused a controversy among engineers and military observers.

The planes, one of which is in the Smithsonian Institution's Air and Space Museum here, had stability problems and, when propelled by jet engines, demonstrated only a marginal range for bomber missions.

With modern, computer-aided flight controls, engineers now believe the stability problems that plagued flying wings in the past can be solved.

Range and weapon-carrying capacity, however, remain difficult issues, experts say. But the allure of a bomber able to evade radar detection has led designers to accept compromises that might otherwise be judged intolerable.

General Okello spoke to a crowd estimated at 50,000 at a ceremony in the central square of Kampala. He said that 1,203 detainees had been released.

He did not say where the talks would be held, but the independent Star newspaper said the conference would take place in Arusha, in northern Tanzania. The National Resistance Army had suggested Arusha as a possible site for the talks. There was no immediate response to the announcement from the resistance group.

The insurgents led by Mr. Museveni have been angry at the way General Okello set up a new administration after Mr. Obote was deposed. To date, the group had refused appeals to work with the military government and to attend peace talks originally scheduled for Monday in Kampala.

Paul Semogerere, minister of internal affairs, said the release of the detainees held under Mr. Obote's four-year rule was "only the first sign of a wind of change in the relations between the government and the people in Uganda in the field of human rights."

Mr. Semogerere said that, since the coup, about 100 members of the former regime's National Security Agency had been detained "and they are not being tortured."

He said the agency under Mr. Obote had "distinguished itself in committing atrocities against innocent people" but added that the government would not keep agents in custody "one day longer than is strictly necessary."

Among those freed was Professor Yoweri Kyemsiro, a former member of the Democratic Party of Mr. Semogerere. Mr. Kyemsiro was acquitted of charges of helping the rebel groups two and a half years ago but had been detained under Mr. Obote's security laws.

Western diplomats believe there had been at least 1,000 such detainees.

(Continued on Page 2, Col. 5)

106 Are Treated In Leak in U.S. at Union Carbide

The Associated Press

INSTITUTE, West Virginia — A chemical leak Sunday at a Union Carbide plant in Institute caused six employees to be hospitalized, sent 100 area residents to an emergency treatment center and trapped thousands indoors for two hours.

An unknown quantity of aldicarb oxime, the main ingredient in a pesticide called Temik, leaked from a unit at the plant shortly before 10 A.M. when a valve failed, according to Dick Henderson, a Union Carbide spokesman.

Mr. Henderson said the chemical is made from methyl isocyanate, the ingredient that leaked from a plant in India last year, killing more than 2,000 people. But the chemical did not contain any of the deadly methyl isocyanate itself.

Officials said that people exposed to the fumes reported burning eyes, nausea and shortness of breath.

The detectives were to arrive Tuesday on the French-held south Pacific archipelago where four men rented the Ouvea, which was seen in Auckland harbor just before the Rainbow Warrior was sunk.

The Rainbow Warrior was a pacifist group with close ties to the Soviet bloc. It also contended that the

bombing and were later charged with murder and arson.

The radio report did not explain why the Turenges, if they were French officers, were carrying false Swiss passports, nor did it indicate whether the names on the passports were real.

The couple has been at the center of a New Zealand police investigation that has uncovered strong evidence that the operation against the ship was well-planned and coordinated and involved large sums of money.

A major mystery in the case concerns three French citizens being sought by the New Zealand police. The three were reported to have been aboard a chartered boat, the Ouvea, that was seen in the vicinity of the Rainbow Warrior before the bombing. The boat was last sighted at an Australian harbor on July 17.

The radio report Saturday said that the slain crewman on the Greenpeace ship, Fernando Pereira, was a member of a pacifist group with close ties to the Soviet bloc. It also contended that the

Greenpeace Bombing Suspects Called French Agents

By Richard Bernstein
New York Times Service

PARIS — The two people charged in New Zealand with blowing up a Greenpeace ship last month were part of a Defense Ministry security team and held the ranks of captain and major in the French armed forces, the state-owned French radio said.

The radio said that the two, earlier identified as Alain Jacques Turenges and Sophie Frederique Claire Turenges, were on a mission to collect information about the Greenpeace vessel, the Rainbow Warrior, but it asserted that they were not involved in the bombing attack on the ship July 10. It said the attack might have been undertaken by a third country to embarrass France.

The France Inter radio report did not disclose its sources of information and has not been publicly confirmed by French officials. It was the latest element in a case that has produced numerous press reports that French officials were involved in the Rainbow Warrior attack.

The French government, acting under orders of President Francois Mitterrand, said Thursday that Bernard Tricot, a senior civil servant with ties to the rightist opposition, would head a formal inquiry to determine if government agents were involved in the Rainbow Warrior affair.

The reports of involvement were made in two newswidelines that appeared last Thursday, one of which said Sophie Turenges was a captain in the French foreign intelligence agency, the General Directorate of Foreign Security. How the two Turenges are related was not known.

Any connection between French officials and the operation against the protesters' ship would greatly embarrass France, whose nuclear weapons tests in the South Pacific are opposed by most of the countries in that region.

The Rainbow Warrior was due to head a flotilla of ships to protest French nuclear tests at Mururoa Atoll in Polynesia.

One crew member, a Portuguese-

born Dutch photographer, was killed when two bombs attached magnetically to the ship's hull exploded. The ship sank.

The broadcast Saturday on France Inter was consistent with reports that the Turenges were French officials, but its general thrust was to deny French responsibility in the attack.

According to the radio, the Turenges had no connection with the intelligence agency, but were military officers sent to New Zealand to collect information on Greenpeace's plans to protest French nuclear tests.

It said they were to observe any anti-nuclear activities aimed at possible interference at the Mururoa test site, to identify the leaders of the Greenpeace expedition, and to relay any information to the officials responsible for ensuring the safety of the tests.

The Turenges, who were found to be carrying false Swiss passports, were arrested by the New Zealand police two days after the

bombing and were later charged with murder and arson.

The radio report did not explain why the Turenges, if they were French officers, were carrying false Swiss passports, nor did it indicate whether the names on the passports were real.

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Pontiff, in Cameroon, Blames 'Unjust' Rule for Rioting in South Africa

The Associated Press

YAOUNDE, Cameroon — Pope John Paul II said Sunday that the "unjust situation" in South Africa was responsible for the bloody rioting by blacks in that country.

"Racial separation is inadmissible," John Paul said in a statement issued by Joaquin Navarro Valls, the chief Vatican spokesman. The pope, on the fourth day of his trip to black Africa, appealed for an end to "every kind of discrimination" and for political freedom for all.

He also spoke about the recent violence in South Africa during his noon blessing after Mass. "New and bloody clashes," the pope said, departing from his prepared text, cause concern "over the whole of Africa as well as over the world."

"May God take all these victims into his peace, may he inspire wisdom, just behavior, respect for human dignity and a desire for peace to put an end without delay to all discrimination which is not worthy of man," John Paul said.

His statement was issued as rioting in black and Indian townships around Durban, South Africa, continued for a fifth day.

The pope "profoundly deploras that the unjust situation is fanning the different communities into bloody confrontation almost every day," the statement said.

John Paul celebrated Mass and ordained 16 priests in Yaounde's central square, where hundreds of troops, riot police and plainclothesmen ringed a crowd estimated at more than 100,000.

Thousands of others followed the service on television in the city's 40 Roman Catholic churches.

President Paul Biya and his wife, Jeanne-Irene, both Roman Catholics, led a throng of dignitaries at the Mass.

Pope Offers Pact

E.J. Dionne Jr. of The New York Times reported Saturday from Yaounde:

The pope offered three African presidents what a Vatican official called "an implicit pact," promising Roman Catholic support in return for a respect for freedom, social justice and human life.

The pope delivered his message Saturday as he hoppedatched across West and Central Africa, traveling 1,500 miles (about 2,400 kilometers) from Togo to the Ivory Coast and then to Cameroon's capital. He commented repeatedly on human rights and justice throughout a grueling day of travel.

In Togo, where he ended a two-day stop that included a visit to President Gnassingbe Eyadema,

the pope praised the country's commitment to "religious liberty."

Later, on arriving in the Ivory Coast, he said, "I believe that most share my conviction that the future will not be happy or worthy of man unless the essential values of justice, freedom for persons and groups and a respect for life inspire all of society's activity."

When he reached Cameroon toward sunset, he told a large welcoming crowd, including President Biya, of his admiration for Cameroon's "passionate will to develop its potential in a climate that harmonizes respect for groups, social justice and national unity."

"In all these speeches, the pope is offering the president an implicit pact," said Mr. Navarro, the Vatican spokesman. "He is saying that if they can guarantee three things — social liberty for individuals and groups, justice and a respect for life — Catholics would collaborate in building up their countries."

In an address to priests and nuns in Yaounde on Saturday evening, John Paul warned the people of developing nations to be wary of the values of more technologically advanced societies, "where the religious sense weakens."

He urged priests and nuns to guard against a "return to paganism."

It was one of the pope's most pointed comments on traditional African faith since his trip began Thursday.

The main purpose of the pope's five-hour stop in the Ivory Coast was to dedicate a cathedral for which he laid the cornerstone five years ago. The cathedral, in Abidjan, one of Africa's wealthiest cities, is said to have the largest seating capacity of any Catholic church except St. Peter's Basilica in Rome. It is estimated to have cost \$10 million to \$15 million.

On Friday, John Paul, apparently disturbed by his visit to Togo's opulent presidential palace, broke his schedule to stop at a mud hut and speak with an impoverished woman about her life.

Mr. Navarro said later that the pope wanted to make clear that "he was aware of the two realities of Africa," that "wealth and poverty exist side by side."

India Lifts Press Travel Ban

NEW DELHI — India has lifted a ban on foreign journalists in Punjab, which had been in effect since the army attacked the Golden Temple in Amritsar more than a year ago.

For South Africa's Asians, a Precarious Existence

By Alan Cowell

New York Times Service

PHOENIX, South Africa — Anwar Rumarak, 19, an invoice clerk of Indian descent, stood on a ridge and watched as young Zulus on the next ridge chanted war cries, threatening carnage.

Briefly, he struggled for a metaphor. Then he shouted: "We've got the whites on one side, and the blacks on the other! We're in the middle, like the sausage in the hot dog!" No one laughed.

That incident Friday summed up the predicament of many Indians and Pakistanis in Africa. The Asians, as they are often called, live in relative economic prosperity shot through with uncertainty, caught between mistrust from whites and from blacks alike. Minorities set apart by color and religion, they find acceptance in neither camp.

In the parts of Africa where Indians have achieved economic preponderance, they maintain an uneasy relationship with residual white elites and the black authorities. Their wealth has left them equally separated from impoverished blacks.

In South Africa, the divisions are deeper. By law, the country's 800,000 Indians must live apart from those classified as white, black and of mixed race. But their separateness is privileged. Unlike blacks, Indians do not carry passes. The authorities spend four or five

times more on the education of an Indian child than they do on that of a black child. Under apartheid, Indians do not have the same standing as the 4.5 million whites. But a new constitution adopted last year granted Indians a limited mandate and drew them into a new three-chamber, segregated parliament, alienating them from the blacks as well.

In the mid-19th century, British colonialists brought Indian labor to the railroads of

Amin, 70,000 Asians were summarily dispossessed and expelled. Three years ago, during an abortive coup in Kenya, Asian homes were looted and Asian women were raped.

In South Africa last year, many Indians boycotted the elections that led to the creation of the three-chamber legislature. Yet it seemed that the color bar had shifted, from an official distinction between white and nonwhite to a distinction between black and nonblack.

An Indian businessman said Friday of blacks: "They feel that it is their country, and they do not like the idea that Indians live better than they do."

Other Indians were less understanding, using pejorative terms for blacks as they heeded shotgun to protect supermarkets and stores. "There," one man said, indicating a looted home, "you see what they will do."

"Here," on this field where played football together, said Mr. Rumarak, the invoice clerk, gesturing to a soccer field straddling the line between the racially mixed area of Inanda and Phoenix, an Indian settlement 12 miles (19 kilometers) north of Durban. There, Mohandas K. Gandhi lived in the early years of the century, when he campaigned for better treatment of South Africa's Indians.

"They are your best friends one day," Mr. Rumarak said of the blacks, "and now this. They are burning our homes."

Their separateness is privileged. Unlike blacks, Asians do not carry passes.

East Africa and the sugar plantations of Natal, then a British colony and now a South African province of which Durban is the principal city and port.

Some of those who came stayed, staking out a place, usually in the retail trade. They often were resented by blacks who had to buy from them and thus acknowledge their entrepreneurial achievements. In East Africa, Asians penetrated deep inland. In South Africa, they remained largely in Natal.

Since the mid-1970s their fate has been precarious. In Uganda during the rule of Idi

10,000 March in Belfast Protest

The Associated Press

BELFAST — About 10,000 supporters of the Irish Republican Army, including more than 100 Americans, paraded illegally but peacefully through Belfast on Sunday, watched by police and British troops in armored cars and a helicopter.

The procession, commemorating the 14th anniversary of Britain's introduction of internment — detention of suspected extremists without trial — was peaceful. Earlier, however, police fired plastic bullets to disperse Roman Catholics throwing firebombs and made seven arrests.

The demonstrators marched two miles (three kilometers) up the Falls Road to a rally at Andersonstown, the heart of Catholic West Belfast, on the spot where a 22-year-old Catholic man was killed a year ago by a plastic bullet fired by police.

The man was killed as officers tried to arrest Martin Galvin, the publicity director of the New York-based Irish Northern Aid Society, known as Noraid. Mr. Galvin, who is banned from entering the United Kingdom, had slipped across the border from the Irish republic to address the internment rally.

This year, Mr. Galvin was present at an IRA funeral in London, where he said he would not attend the Belfast march.

In the Irish republic, journalists at state-funded radio and television stations struck to protest a decision to ban interviews with Mr. Galvin.

The management at Radio Telefis Eireann in Dublin insisted that the decision regarding Mr. Galvin was an editorial judgment, and that Mr. Galvin would be interviewed "if he has anything newsworthy to say."

But the journalists' union decided on a 24-hour strike, calling the move "self-imposed censorship."



Police carried away a man after a scuffle during a demonstration in London on Saturday to mark the 14th anniversary of the introduction of internment in Northern Ireland.

The Irish journalists' action followed a strike Wednesday by British radio and television journalists. The British journalists called their strike when the British Broadcasting Corp. dropped plans to screen a program on Irish extremism after a request to do so from the British government.

Britain abandoned internment in 1976, but its introduction still is commemorated by hard-line Irish nationalists.

The parade, which followed three straight nights of sporadic violence in some Roman Catholic areas of Northern Ireland, took place peacefully, except for a few bottles hurled at police as the parade broke up.

South Africa Is Warned on U.S. Policy

(Continued from Page 1)

political climate in the United States.

The official said he had told the South Africans "they should know that Mr. Reagan's commitment and his ability to sustain what has been an effective policy is being taken in a climate that is very emotional."

"Basically, Americans, the American people and the Congress, have a relatively superficial view of the nature of the problem in South Africa," the official said he had told the South Africans. "But they do see that there are legitimate black grievances and in some cases they associate this history and reality of black repression with our own racial turmoil in this country."

"And they say we were able to solve this by taking certain actions and they ought to be able to do so in South Africa," the official said. "And as a corollary, they're saying we should take whatever steps we can take."

One of the six U.S. participants in Thursday's talks said the five South African officials present had raised the possibility of making significant reforms. The official said the changes could include some offer of power-sharing with the black majority, an alteration of the policy under which blacks can exercise political rights only in remote "homelands."

In explaining how U.S. policy toward South Africa might be affected, the official said he had cited the subject of economic sanctions. A bill calling for sanctions has passed the House of Representatives and is to be voted on by the Senate in September.

■ **Mandela's Wife Speaks**
If Mr. Mandela is freed unconditionally, he would almost certainly resume leadership of the banned African National Congress and continue his fight to end apartheid, his wife said Sunday. The Associated Press reported from London.

Winnie Mandela, in a radio interview with the British Broadcasting Corp., was asked whether she thought there was a chance of her husband's release from Robben Island prison near Cape Town in light of Mr. Botha's statement. She replied: "There does appear to be something happening for Mr. Botha to have made the admissions he made."

[Secret talks are under way on new terms for Mr. Mandela's release, according to sources close to the Mandela family and in the black community, the Los Angeles Times reported from Johannesburg.]

■ **Israel Condemns Apartheid**
For the first time in an official statement, Israel "unconditionally" condemned apartheid. The Washington Post reported Sunday from Jerusalem.

Uganda Sets Peace Talks

(Continued from Page 1)

ees at the Luzira prison, a maximum-security institution in Kampala, but said that the number had swelled in recent weeks.

The sources said that several hundred detainees held at various army barracks around the country had been sent to Luzira recently in preparation for a visit by Amnesty International, the London-based human rights organization.

Many of those detained were suspected of supporting the National Resistance Army in areas north of Kampala inhabited by members of the Baganda tribe.

The National Resistance Army is believed to have about 8,000 armed men. Diplomats say that any attempt by General Okello to reunite the nation after years of bloodshed will fail without support of the insurgents.

But Mr. Museveni's army has stayed on the sidelines, demanding half the seats on the ruling military council.

One of the detainees released Saturday was Balaki Kiya, leader of the defunct Uganda Freedom Movement, who was kidnapped by security agents while in exile in Kenya and brought back to Uganda. He was acquitted of treason charges in 1983 but detained.

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WORLD BRIEFS

Greece Says It May Cancel F-16 Order

ATHENS (Reuters) — Greece says it may cancel an order for warplanes from the United States if the Pentagon continues to delay its approval of the sale.

A government spokesman said Sunday that Greece could cancel its plans to buy 40 F-16 interceptors, built by General Dynamics Corp. A major factor in the Defense Department's delay is believed to be an American fear of a leak of Western technology to the Soviet Union, with which Greece has been forging closer ties.

Greece announced last October that it planned to buy at least 40 of the F-16s for about \$1 billion, along with an equal number of jet fighters from France.

U.S. Moves to Ban Food Preservative

WASHINGTON (LAT) — The U.S. Food and Drug Administration has proposed a ban on the use of six sulfite preservatives on fresh vegetables and fruits at restaurants and food markets.

The agency said Friday that the sulfites, used to keep lettuce and other salad ingredients looking fresh, have been associated with 13 deaths and 500 reports of adverse reactions since 1983. The ban would not affect other foods that contain the preservatives, including frozen potatoes, seafood, dried fruits, wine and beer.

An FDA spokesman said that sulfites posed no danger to most people, "but cause reactions in up to a million sulfite-sensitive people," mostly asthmatics. "Reactions range from nausea and diarrhea, to hives and shortness of breath, to fatal shock," the spokesman said. Jeffrey R. Prince, a director of the National Association of Restaurants, said that because of the danger, most restaurants already had stopped using sulfites.

Assassination Plot Foiled, Liberia Says

LONDON (AP) — Liberia's security forces say they have uncovered a plot to kill government officials and U.S. citizens living in the west African nation, according to a Liberian radio report.

Monrovia Radio, quoting the Liberian News Agency, said Friday that the alleged plot was to have been carried out Aug. 24-25. Neither the alleged conspirators nor their targets were identified by name.

The broadcast quoted the army chief of staff, Henry S. Dubar, as saying that the conspirators were paid by Liberians living abroad, primarily in the United States, and supported by Liberians at home.

3 Czechoslovak Dissidents Arrested

VIENNA (UPI) — Three leading Czechoslovak dissidents were arrested over the weekend, dissident sources in Vienna said Sunday.

The playwright and author Vaclav Havel was arrested Friday while visiting a fellow dissident, Ladislav Lys, at his farm in northern Bohemia, expatriate sources said. On Saturday, the police arrested Jiri Dienstbier, one of the three spokesmen of the Czechoslovak human rights movement Charter 77, the sources said.

They could not confirm reports on Austrian radio that when the police arrested Mr. Dienstbier, they found a draft of a Charter 77 statement marking the anniversary of the Soviet-led invasion of Czechoslovakia on Aug. 20, 1968. Mr. Havel, Mr. Lys and Mr. Dienstbier were signatories of the original Charter 77 document.

Vietnam to Return 26 More Bodies

BANGKOK (UPI) — Vietnam is scheduled to make its largest return of U.S. servicemen's remains this week.

Lieutenant Colonel Paul Mather, who will lead the U.S. delegation to receive the remains, said that 26 bodies believed to be those of U.S. servicemen would be turned over in Hanoi on Wednesday morning and flown to Hawaii.

The Vietnamese also have promised to provide new information on the fate of six other American military personnel, Colonel Mather said. There are 2,464 American servicemen still listed as missing in action in Indochina.

Soviet Army Aiding in Flood Relief

MOSCOW (Reuters) — The Soviet Army has been called in to lead a relief operation to save livestock and restore road and rail links after floods inundated vast areas of farmland in the Khabarovsk region in the far eastern section of the country.

The newspaper Pravda said that the floods had cut two major rail routes, including the trans-Siberian. No casualty figures were given.

Earlier, the farming newspaper Selkhoz Zhizn, or Rural Life, said that up to 33 percent of some crops were lost and that 12,000 acres (5,000 hectares) of fields were flooded.

For the Record

Joshua Nkomo, the Zimbabwean opposition leader, had his passport seized by police at his home in Bulawayo, and police in Harare arrested two top officials of his Zimbabwe African People's Union. Steven Nkomo and Welshman Mabhema, his wife said Saturday. (Reuters)

A Bangladesh opposition leader, Obaidur Rahman, was released from jail in the northern town of Sylhet after four months of detention, an official of his Bangladesh Nationalist Party said Sunday in Dhaka. (AP)

A Gabonese airman was executed Sunday for plotting to depose President Omar Bongo, sources close to the government said. Captain Alexandre Mandja was condemned Aug. 3 by a military court that also sentenced two noncommissioned officers to life imprisonment. (Reuters)

Black Mourners Kill Soldier

(Continued from Page 1)

lezi told the rally that they had taken the law into their own hands and restored order. As they spoke, columns of black smoke from blazing homes and vehicles rose into the sky, apparently angering the crowd.

Residents blamed Indian vigilante groups seeking revenge for last week's clashes. Hundreds of Zulu warriors surged up a hillside in search of the attackers.

Troops and police stood by in armored personnel carriers but did not attempt to control the crowd.

Oscar Dhlomo, the secretary general of Inkatha, had told the crowd that the multiracial United Democratic Front, South Africa's main anti-apartheid group, was largely to blame for the recent unrest.

"We have come here to reassure our Indian brothers and sisters of Inkatha's willingness to cooperate with them in all efforts that are aimed at restoring peace, law and order in this area," he said.

But in Umlazi township south of Durban, a spokesman for the United Democratic Front blamed Inkatha for provoking the unrest by breaking up a memorial meeting for Mrs. Mxenge, who had been scheduled to be a defense lawyer

for 16 imprisoned members of the front.

Indian leaders, including a cabinet minister, Amichand Rajbansi, also addressed the rally, which was held in a field next to a plundered and burned community center set up by Mohandas K. Gandhi, the Indian pacifist leader, early in the century.

On Saturday in Cape Town, police arrested a top anti-apartheid leader, the Reverend Allan Boesak, and 18 others who were trying to enter the Gugulethu black township for the funeral of a youth killed by police in a riot two weeks ago.

Mr. Boesak, who is of mixed race, is a leader of the United Democratic Front. Arrested with him were nine other people of mixed race and nine whites.

All 19 were charged with attempted illegal entry into the township under laws that enable police to ban nonblacks from entering black townships in times of tension.

Most, like Mr. Boesak, were charged with planning to officiate at the funeral. All 19 were released on bail.

Among the mourners at Mrs. Mxenge's funeral were a U.S. appeals court judge, Nathaniel Jones of Cincinnati, and three white South African activists, Molly Blackburn and Mr. and Mrs. Brian Bishop. The four were arrested Saturday at Fort Beaufort, 45 miles from King William's Town, on charges of illegally entering a black township covered by emergency regulations.

Mr. Jones said they had been on a trip to investigate reports of police brutality. He said they were released pending a court appearance Monday in Fort Beaufort. (AP, Reuters)

Herald Tribune

Opening for Talbot in Moscow

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AMERICAN TOPICS



The Coke-Pepsi feud became a space war on the recent mission of the shuttle Challenger. Each company supplied specially designed containers to be tested by shuttle crew members. Tony England, left, tried a Coke, while Karl G. Henize sipped a Pepsi.

A Slight to Indiana Prompts an Invitation

An Indiana newspaper has turned a slight to the state into a possible remedy for cool U.S.-Soviet relations: It has invited editors of the Red Star newspaper in Moscow to tour Indiana to see firsthand that "Hoosiers are really not much different from Russians."

In a recent editorial, the Fort Wayne News-Sentinel offered rebuttal to a Red Star article that referred to Indiana as a "God-forsaken hole" and was critical of Richard G. Lugar, a Republican of Indiana, who is chairman of the Senate Foreign Relations Committee. Leaving Mr. Lugar to defend himself, the Fort Wayne paper took up its state's cause, saying "Hoosiers will not sit idly by when derogatory comments are made about this fair state of ours."

Short Takes

The average cost of a college education is up 7 percent over last year, with the most expensive bill rising to \$17,210 for the 1985-86 academic year at Bennington College in Vermont, the Annual Survey of Colleges, published by the College Board, shows.

The survey, which tallied tuition, books, room, board, per-

sonal expenses and transportation for undergraduates at the 3,000 private and public colleges responding, found the cost of college was one percentage point ahead of last year's increase and several points ahead of inflation. Besides Bennington, the 10 most expensive colleges, and costs for one year, are:

Massachusetts Institute of Technology, \$17,030; Barnard College, \$16,842; Princeton University, \$16,790; Yale University, \$16,630; Harvard and Radcliffe College, \$16,500; Sarah Lawrence College, \$16,285; Stanford University, \$16,133; Tufts University, \$16,133; and Dartmouth College, \$16,120.

When Aaron Montgomery Ward first published his 163-item advertising pamphlet in 1872, he created a marketing revolution: the mail-order catalog. But the catalog, which once supplied mainly rural clients with everything from clothing to tombstones, will appear for the last time in December, the president of Montgomery Ward, Bernard Brennan, has announced.

Since 1980, the company has lost \$50 million annually. In discontinuing "the great wish book," Montgomery Ward plans to close 1,270 catalog sales agencies and revamp its stores, leaving Sears, Roebuck & Co., a competitor of Montgomery Ward since 1874, with the country's oldest—and still successful—general merchandising catalog.

Shorter Takes

The recording industry will build a Rock 'n' Roll Hall of Fame to honor artists and others who made significant contributions to rock. A location for the museum and archives will be es-

tablished in January when the first inductees are named. Cities under consideration for the new hall of fame are Chicago, Cleveland, Los Angeles, New Orleans and New York. Karen Abdul-Jabbar, the 7-foot-2 (2.19-meter) center for the Los Angeles Lakers, who will be looking for movie roles to play after retiring from basketball next season, isn't worried about his height: "I won't ever have the problem that Alan Ladd did—standing on boxes, talking to his leading lady."

Coke Claims Victory: The First Sip in Space

The raging Coke-Pepsi rivalry reached cosmic proportions recently when astronauts aboard the space shuttle Challenger took soft drinks into orbit for the first time. With full-page ads in papers around the United States last week, Coke declared victory in the great space race, proclaiming: "The first soft drink enjoyed in space was a Coke. Of course."

Coke and Pepsi each flew four cans apiece on the Challenger flight that ended last week, and both drinks were tested, first Coke, followed by Pepsi eight hours later. The Coke space container was opened first, a National Aeronautics and Space Administration spokesman said, because Coca-Cola executives had submitted the first application to have their soft drink container evaluated on the flight.

Becky Madeira, Pepsi public relations director, shrugged off Coke's victory claim. "If they were first to be tested, it was the new Coke," she said. "And you can be sure the astronauts had to wash it down with a Pepsi."

Compiled by AMY HOLLOWELL

Regan Plans 'Aggressive' Effort to Cut Budget

By David Hoffman

WASHINGTON Post Service

WASHINGTON — Donald T. Regan, the White House chief of staff, has selected new presidential assistants for politics and legislative affairs as he prepares a major fall campaign by President Ronald Reagan to press for budget cuts and tax revision. The campaign may include the vetoing of spending bills, Mr. Regan's aides say.

The chief of staff will name Michael E. Daniels Jr. to succeed Edward J. Rollins as White House political director, officials said. Mr. Daniels is a deputy to Mr. Rollins and was previously executive director of the Senate Republican campaign committee.

Mr. Regan will also give M.B. Oglesby expanded duties for congressional liaison, which he now shares with Max L. Friedersdorf. Mr. Friedersdorf is leaving the White House later this year.

The appointments are to be announced Monday as part of what an official calls an "aggressive" effort to cope with the critical period when President Reagan returns from his vacation and recuperation from cancer surgery.

The effort comes as officials acknowledge that Mr. Regan has experienced major political difficulties during the first six months of his second term.

After a series of setbacks and disputes with fellow Republicans in Congress over the budget and taxes this year, Mr. Regan is said to be determined that the president regain control over the agenda and to prevail over key issues in the period between the holidays of Labor Day, Sept. 2, and Thanksgiving, Nov. 28.

"They've got to hit the deck running in September," an official said.

Two other staff shifts are expected as part of the effort, officials said. Linda Chavez, the public liaison director, is to carry out a significant part of the autumn political moves. William Hanks, a special assistant to the president, will also have more responsibilities, officials said.

The president announced Aug. 5 that he would undertake a "major fall offensive" by "pulling out all the stops for passage of tax reform" and confronting Congress on spending bills with "my veto pen hovering over every line."

White House officials have predicted recently that Mr. Reagan will confront Congress with vetoes over spending bills this fall. But Mr. Reagan has in the past rarely vetoed appropriations bills, largely because they were negotiated to his satisfaction by David A. Stockman, who was then the director of the Office of Management and Budget.

A "veto strategy" requires a different approach, officials said, and the White House is studying the prospects for vetoes that can be sustained.

Larry Speakes, the White House spokesman, said Friday that the farm bill pending on Capitol Hill "is a serious contender to be classified as a budget-buster" because the cost has "doubled or tripled since Congress started working on it."

"I can assure you that the president will do his part to hold down spending," Mr. Speakes said, "and if that means veto, then he will veto."

Upjohn Designing Plant For Baldness Medicine

United Press International
KALAMAZOO, Michigan — The Upjohn Co. has begun planning work for a \$23-million plant to produce minoxidil, a medicine under testing to treat male baldness. The drug has not been submitted for approval to the U.S. Food and Drug Administration, company officials said.

Minoxidil tests have shown that a third of the patients using the preparation on their scalp achieved acceptable hair growth, a third grew fine hair or "peach fuzz" and the other third had no results. Reports of the drug have produced a rush for Upjohn stock.

Highway Robbery Hits Miami

By Jon Nordheimer

New York Times Service

MIAMI — A new breed of urban highwayman is stalking motorists in Miami. Robbers are preying on drivers whose cars break down on local expressways, or ambushing drivers late at night after first stopping them with objects thrown through the windshields or placed on the road. These attacks take place on the highways where motorists slow to enter or exit.

Some rush-hour commuters stalled in expressway traffic become victims of young thieves who spring up from embankments, smash car windows with bricks, snatch handbags or wallets, and escape back down the embankments as quickly as they appeared, vanishing into nearby houses.

Most of the ambushes have taken place on Interstate 95, where the 1,984-mile-long (3,174-kilometer) highway runs its southern end in downtown Miami. The six-lane highway at that point cuts through the Overtown neighborhood, where there is easy pedestrian access from abutting streets.

The Florida Highway Patrol has deployed decoy teams in an effort to halt the highway robbers. Over the past several months, police-women posing as stranded motorists have helped capture 17 men



Rochelle Ritter with the stone that was thrown into her automobile by robbers.

and four boys, all residents of neighborhoods lining the expressways. But that has not slowed the crime wave, to date, about 75 such robberies have been committed. Several motorists have been pistol-whipped by the holdup men, who usually work in pairs, but no deaths have occurred. Several vehicles have been punctured by bullets fired by snipers in what are believed to be unrelated incidents along the same stretches of road.

The outbreak is particularly

troubling for Miami, where civic leaders feel that crimes stemming from drug trafficking and the arrival of tens of thousands of refugees in this decade have unfairly stigmatized the city as a dangerous place to live. This reputation has not been diminished by the popularity of the U.S. television series "Miami Vice," which portrays the city as a kind of wide-open badlands.

This portrait is in part borne out by U.S. crime statistics for 1984. Although the homicide rate for Dade County, which includes Miami, has declined from its 1981 peak, it still is the worst of any metropolitan area in the country, at 23.7 murders per 100,000 residents. The Federal Bureau of Investigation also reported that Dade County, with 1.7 million residents, is the second worst metropolitan area for the per capita incidence of all crime it categorizes as violent, exceeded only by Atlantic City, New Jersey.

In response to the robberies, Leonard Mellon, executive director of the Florida Department of Highways and Motor Vehicles, said that patrols on I-95 and connecting expressways were being increased. Extra patrols are to be mounted by troopers who normally work in radar zones to stop speeders, he added.

"This situation has all sorts of potential for fatalities," said Mr. Mellon.

City to Investigate Police in MOVE Bombing

New York Times Service

PHILADELPHIA — District Attorney Edward G. Rendell says he will conduct a criminal investigation of the May 13 bombing by the police of a house occupied by members of the radical group MOVE.

He said Friday he would investigate whether there was a conspiracy to kill members of the group

who were in the house and to deceive senior city officials about the type of explosive used in the bomb.

The city's managing director, James S. White, said Thursday the bomb contained C-4, a powerful military explosive. Previously, police officials had insisted that the bomb was made entirely of a less powerful and less incendiary plastic explosive.

The new information has raised

doubts about the thoroughness of the city's investigation of the MOVE incident, a daylong siege that began when members of the radical group fired on police officers who were trying to evict them from the house. The siege ended when a police officer in a helicopter dropped a bomb on the house, causing a fire that killed 11 persons, destroyed 61 houses in the West Philadelphia neighborhood and left 250 people homeless.

The disclosures have also added to controversy over whether the police could have prevented the death of people occupying the MOVE house. One of two people known to have escaped from the house has accused the police of shooting at members of the group trying to flee the fire.

The new developments also appeared to have undermined the political standing of Mayor W. Wilson Goode. Polls taken soon after the siege indicated that it had left the popular first-term mayor largely unscathed. Last week, however, several members of the city council criticized Mr. Goode with the harshest language since the incident.

Airport Called Lax in San Francisco

Reuters

SAN FRANCISCO — Plainclothes police sneaked fake grenades through security checkpoints and successfully concealed guns and phony bombs in luggage at the San Francisco International Airport, according to the San Francisco Examiner.

The security investigation was conducted in June, shortly after the hijacking of a Trans World Airlines plane in Athens and the crash of an Air India airliner in the Atlantic, the newspaper reported Saturday.

The police and the airport director refused to discuss the outcome of the investigation, but the newspaper quoted unnamed sources as saying that officers with fake grenades strapped to their legs were able to pass through security points.

Louis Turpen, the airport director, said that the tests were continuing but added that the most recent checks showed the metal detectors on passenger concourses were completely accurate.

Scientists Discover Fertility Hormone

By Harold M. Schmeck Jr.

New York Times Service

NEW YORK — Scientists in California have discovered a long-suspected but elusive brain hormone that is a key regulator of fertility in humans.

The hormone, called prolactin-releasing inhibiting factor, has been found to inhibit the body's production of prolactin, which is crucial to fertility. The hormone also may have other functions in the brain, including an influence on behavior, according to the scientists who discovered it.

The discovery is considered important in shedding new light on the chemistry of human reproduction. The researchers say they believe it may lead to the development of new contraceptives and fertility drugs.

The discovery is described in two

reports in the current issue of Nature, the weekly British scientific journal, by a team of scientists from Genentech Inc., a biotechnology company in South San Francisco, and from the University of California at San Francisco.

Prolactin-releasing inhibiting factor is produced in the hypothalamus, a part of the brain vital to the overall regulation of hormone production.

Hormones produced in the hypothalamus regulate the production of many other hormones by the body's master gland, the pituitary. From the pituitary gland these hormones circulate in the body, affecting many organs. Thus, the body's complex hormonal system is a chemical orchestration of events, all directed ultimately by the hypothalamus.

The newly discovered hypothalamic hormone reduces the pituitary gland's production of prolactin, a hormone that stimulates milk production in women and, when present in excess amounts, reduces fertility in both sexes. That such an inhibitory hormone must exist had long been known and many scientists had sought it, but the results had been unsuccessful until now, according to experts in the field.

Dr. Robert M. MacLeod, an authority on prolactin, said the research had important implications. An endocrinologist at the University of Virginia medical school in Charlottesville, Dr. MacLeod noted that the brain chemical dopamine inhibits prolactin and that drugs based on dopamine are available for treating infertility problems caused by excess prolactin. He added that the new discovery might suggest a means of treating tumors of the pituitary gland that involve excess prolactin production.

Although research in recent years has blurred the distinction between brain hormones and other chemicals found in the brain, dopamine is not ordinarily classed as a hormone.

Education Secretary Calls For Religious Debate in U.S.

By Keith B. Richburg

Washington Post Service

WASHINGTON — Education Secretary William J. Bennett, describing the American political order and the Judeo-Christian tradition as "wedded together," has called for a new "national conversation" and debate on the place of religious belief in our society.

"Our values as a free people and the central values of the Judeo-Christian tradition are flesh of the flesh, blood of the blood," Mr. Bennett said last week, borrowing words used during the consecration at a Roman Catholic Mass, in a speech to the Supreme Council of the Knights of Columbus, a Catholic lay organization.

"The fate of our democracy is intimately intertwined, entangled if you will, with the vitality of the Judeo-Christian tradition," he said. Mr. Bennett's speech was the strongest to date from a Reagan administration official on matters of religion and government, and he predicted that he would be "charged with being divisive."

Civil libertarians accused him Wednesday of turning his office into a pulpit for his religious beliefs.

The education secretary has been increasingly critical of the Supreme

Court for a series of recent decisions seen as setbacks for some of President Ronald Reagan's policies. These decisions include a ruling barring a period of silence set aside specifically for prayer in schools, and a separate decision that it is unlawful to spend public money to send teachers into parochial schools to teach remedial courses.

Anthony Podesta, president of People for the American Way, a liberal group, said that Mr. Bennett "seems to be bent on being the secretary of evangelism."

Mr. Bennett, in his speech, promised that "we at the Department of Education will do our best to nullify the damage" of last month's Supreme Court ruling against remedial programs in parochial schools. He said he soon would propose legislation to distribute federal funds for the disadvantaged directly to parents via a voucher system.

In addition, the administration is backing a constitutional amendment to allow prayer in the schools and a bill sponsored by Senator Jesse Helms, a Republican of North Carolina, to strip the federal courts of their jurisdiction in school prayer cases.

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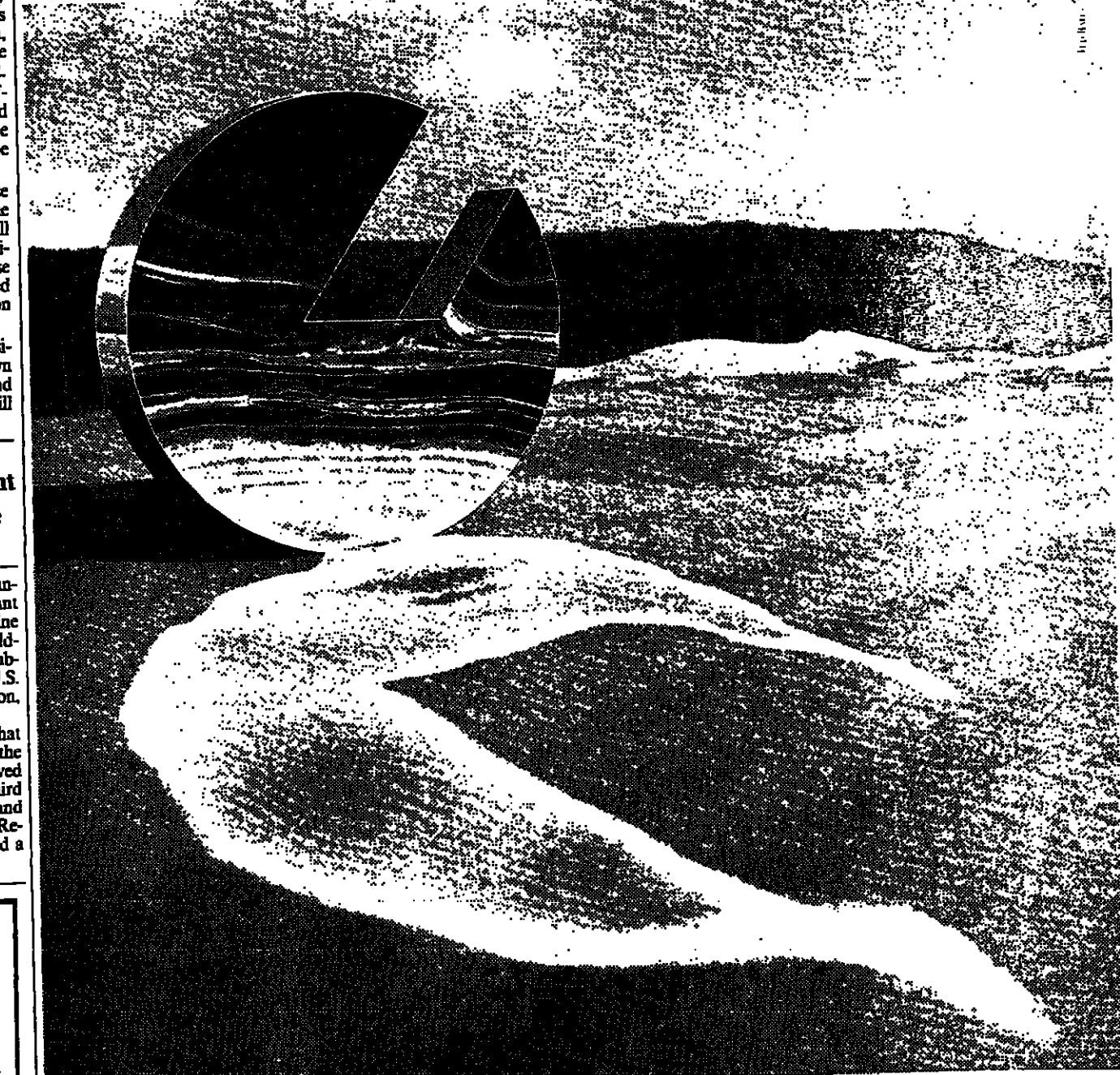
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Questions for Our Time

After all the discourse for the 40th birthday of the nuclear era, we can wonder what we shall have learned when the 50th anniversary comes around in 10 years' time.

New Mexico, Hiroshima, Nagasaki.

In the mostly American debate about Harry Truman's decision to unleash the bomb in 1945, the word "moral" has made a comeback in political commentary. As often happens in arguments about morality, there has been much beating about the bush. Perhaps the debate will have sharpened by 1995. Here, at any rate, are a few questions of the sort that could help to sharpen it.

The bombings of Hiroshima and Nagasaki cut short the war, and thus they may very well have prevented more deaths than they caused. (The conventional wisdom is affirmative, although minority dissent persists.) But is that the point? Are all means justifiable — torture of prisoners to obtain information, for one example — to diminish the likely casualty toll of one side (or even both sides) in wartime? Of course not. Well, in which category are we going to put the nuclear bombing of cities: licit or illicit?

Long before World War II, Hitler maintained in public that mastery of the skies would win a war quickly. By the time he lost all hope of such mastery, massacre of civil-

ian populations from the skies had become standard wartime practice. From Coventry to Nagasaki, via Dresden and so forth, the bombers bombed away. We have been reminded lately that the conventional bombing of Tokyo took more lives than the atom bombing of Hiroshima. Well, is a nuclear bomb really so unspeakably special, or is mass slaughter itself the issue?

If Berlin or Tokyo or Moscow had had the bomb, Berlin or Tokyo or Moscow would presumably have used it. Washington had it and used it. End of debate? No, start of debate. The issue is whether anyone at all should use it. Back to square one.

But this last pseudo-argument ("They can't blame me for doing what they would have done if they could") points to another question. There cannot be many of us, whatever our nationality or present persuasion, who would not have done as Truman did: a weapon that can put a victorious end to an atrocious war is a weapon crying out to be used. We are left with the possibility of saying simply: It was wrong, but I would have done it. And then the question — since the whole point of moral debate is to try somehow to make a better future — comes down to this: Well, should I do it again?

INTERNATIONAL HERALD TRIBUNE

Overt Covert Deception

When war comes, warned Senator Hiram Johnson in 1919, truth is the first casualty. The maxim applies to Nicaragua. Washington's covert war has been filled with a whole host — and yet more evasion and deception came to light just last week.

When it began in 1981, this war was described as strictly an internal affair. When CIA complicity could no longer be denied, the administration explained that it was necessary to cut off an alleged arms flow from leftist Nicaragua to El Salvador. That story began to totter in 1984 when Nicaragua's harbors were mined to scare away neutral shipping. Even that mining was falsely ascribed to "contra" rebels; its authors were North American. Then came the infamous "contra" manual, ghost-written by a CIA operative, counseling political murder. This ugly business, at first denied, was finally blundered on excess zeal. Next came the scary report that Soviet ships were carrying high-powered missiles to Nicaragua, a false alarm attributed to a faulty leak.

Now comes the news that for a year the overt covert war has been supervised by a military aide on the staff of the president's National Security Council. The officer met frequently in Central America with rebel leaders, exerted "tactical influence" on their operations and directed private donors to them. At the least, these responsibilities make him a coordinator; at the most, a field marshal.

To understand why this news carries such a pungent odor, recall that Congress — the Republican Senate as well as the Democratic House — tried urgently to end covert U.S. management of this war. It ordered a cutoff last November of all CIA funding or involvement in the "contra" insurgency.

That ban was partly lifted in June. While still barring a CIA role, Congress ambiguously approved \$27 million in "humanitarian aid" to keep the "contra" effort alive. Meanwhile, supervision had already been shifted to the NSC so as to give President Reagan "plausible

deniability" of continued CIA involvement, as one insider explained to The New York Times.

The president insists that no laws have been broken. That is true, but only in the most technical sense. Congress said no to the secret war. To shift conduct of these activities to the NSC is a subterfuge, even a cynical evasion. The arrangement, says Admiral Stansfield Turner, who was President Carter's director of central intelligence, is "most improper."

A government that routinely deceives its people invariably winds up deceiving itself. Does the White House know what is being done in the name of the United States in Nicaragua? Only last week an overzealous rebel group seized and then released 29 U.S. peace activists near the Costa Rican frontier.

Ducking the truth about Nicaragua has become habitual. Witness the devastating memoir of a former "contra" leader, Edgar Chamorro, in The New Republic. Mr. Chamorro was recruited in 1982 by an American who claimed to speak "in the name of the United States." He quit two years later, feeling that he had been used and misled. By Mr. Chamorro's account, the rebel leadership was hand-picked by the CIA and coached in how to give deceptive testimony to Congress. He found that it "was standard 'contra' practice to kill Sandinist prisoners and collaborators," a practice he did his best to change.

What is most dismaying about all these deceptions is that they distract from the hard choices in dealing with Managua's provocations. Instead of a reasoned case for a plausible policy, the Reagan administration has chosen to mask war with whoppers, all the while condemning the Sandinists as liars.

The administration intends now to move supervision of the secret war into the State Department, not for reasons of face but of space. The bureau overseeing this White House war will be called — what else? — the Agency for Humanitarian Assistance.

— THE NEW YORK TIMES

A Hidden Budget Spring

Did you ever really doubt it? The White House now acknowledges that the budget deficit is back on a track that, despite all of this summer's struggles with spending cuts, will produce \$200-billion deficits next year and the year after. It is as if the deficit were on a spring. Wherever the estimates and forecasts begin, as time passes they snap back to \$200 billion.

The pattern has been repeated annually for the past four years. The latest cycle, over the past six months, began with the president's budget in February. It called for a deficit of \$180 billion next year. Six months later, after a nighty struggle, Congress got it down to \$172 billion. That was a week ago. Now the Office of Management and Budget warns that the true figure is still in the range of \$200 billion.

The spending cuts — most of them, at any rate — are not fake. The chief source of the slippage is in the economic forecasts. In February the budget makers took a highly optimistic view of economic growth in 1985. Currently the evidence indicates a much less rapid expansion — meaning lower tax revenues. The

White House says it also expects some upward revision of the deficit when appropriations bills overstep the limits that Congress has just set in its budget resolution. That is certainly possible, but the implication that the deficits result from congressional refusal to follow the president's budget proposals is incorrect.

White House staff people want a budget next winter that pushes the deficit down to three years from 4 percent of GNP to 3 percent to 2 percent. Those are useful targets, but they are the same ones the staff tried to put in place a year ago. It turned out that Mr. Reagan was unwilling to make the choices required even to meet those goals on paper — even with those optimistic assumptions about the economy.

The point of all this highly repetitive experience is that a dangerously large structural deficit is not going to be remedied by the kind of marginal fiddling around to which Mr. Reagan has limited himself since 1982. It is going to take something more serious. Like what? Like, to say it once more, a tax increase.

— THE WASHINGTON POST

FROM OUR AUG. 12 PAGES, 75 AND 50 YEARS AGO

1910: Taft Is Urged to Drop Ballinger
NEW YORK — Richard A. Ballinger, Secretary of the Interior, is the political sacrifice demanded by men backing the Taft Administration, so that Theodore Roosevelt shall not again occupy the White House. Trouble between Mr. Ballinger and Clifford Pinchot, head of the Forest Service, began early in the Taft Administration. James R. Garfield, Secretary of the Interior under Roosevelt, withdrew 677,000 acres of public lands. When Mr. Ballinger became Secretary he rescinded the action. Mr. Pinchot began attacks on Mr. Ballinger. President Taft later dismissed Mr. Pinchot. Opponents of Mr. Ballinger have declared that [land conservation] has not been fostered as it was under Roosevelt.

1935: Japan's Army Defends Deficits
PARIS — The opening of the Japanese Army's annual campaign for bigger military appropriations — for popular support of the principle of "armaments first," as War Minister Hayaishi put it — has brought an interesting anticlimax of criticism. Without waiting for the bankers and industrialists to complain that heavier military expenditures mean another and bigger issue of "deficit bonds," a "certain section of the community" (which, of course, means the military) has been telling Mr. Takahashi, the Finance Minister, that the government's loan policy is too cautious for the public good. The army's economists insist that the deficit can be piled up indefinitely without financial embarrassment to the nation.

This Middle East 'Peace Process' Is Futile

By Irving Kristol

NEW YORK — U.S. Middle East policy is headed, willfully and witlessly, toward a fiasco. But there are grounds for optimism: The policy may collapse before it gets too far down that road. The "peace process" to which the U.S. State Department has committed itself involves bringing Israel on the one hand, and Jordan and the Palestinians on the other, to the negotiating table. There, it is hoped, they will arrive at a settlement of the future of the West Bank — or Judea and Samaria, as most Israelis now call it.

Arriving at that table will not be easy. Israel is publicly committed to negotiations, but only if the question of Palestinian representation can be settled. Israel will not accept Arabs who, in its opinion, have links to the Palestine Liberation Organization. Jordan, however, cannot omit such Arabs

Jordan cannot accept anything less than a return of the entire West Bank to Arab rule.

since it is committed — along with all other Arab governments — to the thesis that the PLO is the only valid representative of the Palestinian people. In addition, Jordan keeps suggesting that the Soviet Union be brought into the negotiations. In Amman's view, that is the only way to nullify Syria's adamant opposition to any such talks. But Soviet participation is utterly unacceptable to both Israel and the United States, since it would open the door to all kinds of new mischief.

So it is unlikely that the "peace process" will ever reach the stage where Israelis and Jordanians and Palestinians sit down and begin to negotiate. That is good news. For those negotiations, which would inevitably begin with much fanfare and high expectations, would certainly fail, leaving all of us worse off than we were before.

The reason failure is so certain is that there is no imaginable outcome that could be acceptable to both Israel and Jordan. Events have simply outstripped the State Department's "peace process," which is based on assumptions developed many years ago. Those assumptions are no longer congruent with Middle East realities.

The key assumption is that Israeli-Jordanian negotiations will result in Israel exchanging territory for a peace treaty, and that Jordan will then

recognize Israel's "right to exist." This has always been the solution envisaged by the United Nations. For a long time it was the solution proposed by Israel and rejected by the Arab states. It is still the solution desired and advocated by the State Department. But it is, by now, an anachronism.

There is, to begin with, the problem of Jerusalem. The 1967 war, in which Jordan participated despite Israeli and American pleas to stay out, resulted in the Israeli acquisition of East Jerusalem — the "Old City," with its holy places. No Israeli government will ever — no matter what — return this portion of Jerusalem to Arab rule. No Jordanian government, and no Palestinian body, will ever — no matter what — recognize Jerusalem as Israeli. There is simply no room for compromise here.

One supposes that Israel and Jordan just might relegate the Jerusalem issue to some future agenda and proceed to discuss the West Bank. But that discussion, too, would get nowhere.

For Jordan cannot accept anything less than a return of the entire West Bank to Arab rule; if it did, it would be universally denounced in the Arab world as a traitor to the Arab cause. At the same time, no Israeli government can possibly return the entire West Bank to Arab rule — for two reasons.

The first has to do with military security. The "high ground" of the West Bank is a hilly, relatively thinly populated area with some 40,000 Arabs, adjacent to Israel's narrow "waist" and constituting perhaps 15 percent of the West Bank — is almost universally accepted in Israel as an area over which it must retain military control.

After all, Jordan has always in the past joined in Arab wars against Israel, and "peace treaties" in the Arab world, even among Arab states, have never been taken too seriously by anyone. Such treaties come and go quite usually, while Israel's vulnerable geography is a permanent concern of the Israeli nation. Many "peace plans" have been proposed by many Israelis of differing opinions. None that fails to continue Israeli military control of the "high ground" is taken seriously.

The second reason is even more important. It concerns the future of Israeli "settlements" on the West Bank. These settlements have attracted much publicity, but it has been focused mainly on the relatively small encampments of religious and nationalist zealots in the midst of Arab-populated

areas. It is these settlements, in particular, that have provoked terrorism and counterterrorism. But they involve, in total, only a couple of thousand Israelis and have the sympathy of only a minority of the Israeli public. They could indeed be negotiated away, although not easily.

The settlements that do count are not really "settlements" at all. They are new suburbs within commuting distance of Israel's major cities — Jerusalem, Tel Aviv, Haifa — but located, technically, on the West Bank. The largest such suburb is just seven miles from the center of Jerusalem.

These are ordinary Israeli towns, with pleasant garden apartments, supermarkets and a population that rides buses to work in the nearest Israeli city. These suburban towns were constructed in areas where relatively few Arabs live, and nothing that happens in these places makes headlines. Their total population, about 30,000, is growing rapidly. The area they encompass amounts to another 10 to 15 percent of the West Bank.

No Israel has already annexed some adjacent areas of the West Bank. It is giving this territory (or has already given it) a Jewish majority. No political party or faction in Israel (except the Communists) will waste breath negotiating its status.

Does anyone, including the U.S. State Department, seriously think that Jordan and the Palestinians could sit down and negotiate about Israeli military control of a significant part of the West Bank? Does anyone seriously think that Jordan and the Palestinians could accept outright Israeli annexation (already accomplished de facto) of 10 to 15 percent of the West Bank?

Had Jordan and the Palestinians agreed to negotiate 10 years ago, things might have been different. Today their agenda and the Israeli agenda have diverged dramatically.

Why pursue negotiations that can only collapse into acrimony and even greater tension?

The plain truth is that, as things now stand, there is no peace-making role for the State Department to play in the Middle East. It should wait and watch and be patient. A peaceful settlement of the Arab-Israeli dispute has eluded American policy for almost four decades now. All the evidence suggests that no kind of turning point is at hand.

The writer, a leading conservative commentator, is professor of social thought at New York University's graduate school of business. He contributed this comment to The New York Times.

A Hit-and-Run Sideshow Produced in Washington

By Mary McGorery

WASHINGTON — Before making definitive judgments about Nicaragua as a terrorist state — President Reagan put it on his list of international outlaws — consider testimony from Anne Lifflander, 29, a New York doctor who spent two years in Nicaragua and survived a terrorist attack by the U.S.-sponsored "contras."

On July 23, Dr. Lifflander was on a ferry traveling the Escondido River from Rama to Bluefields, a city on Nicaragua's Atlantic coast, when gunfire hit the ship. "It was terrible," she says. "People threw themselves on the deck. They were praying and crying and screaming."

In the 15 minutes that followed, three rockets were fired. A government soldier, one of nine aboard, was shot in the face as he stood guard; he died two hours later.

A civilian construction worker shot through the head died that night.

Dr. Lifflander, a quiet, good-natured 1980 graduate of the City University of New York, identified herself as a doctor to the military

commander. Although shot in the arm, he refused treatment and directed her to minister to the civilians. A 9-year-old girl, shot in the leg, went into shock.

Dr. Lifflander had no instruments and made do with what fellow passengers could provide as bandages from shirts or slips. In all, 17 were injured, most by shrapnel.

The boat made it to Bluefields, where it was met by ambulances and such medical facilities as the city could provide.

Eden Pastora, a "contra" leader who has variously accepted and rejected CIA aid, later took credit for the attack, citing the government soldiers on board. The boat was being guarded because of a previous attack on the ferry, which then had four soldiers aboard.

Dr. Lifflander had decided to leave Nicaragua even before bullets flew over her head. After two years with a family in Managua and working in one of the city's best hospitals and in a pediatric health clinic provided by the Sandinists,



By Cummings in the Winston Post Press. Cartoonists & Writers Syndicate.

she decided she could do Nicaragua more good by returning home to try to heal a sick policy. She plans to work part-time in a Washington clinic and lobby on Capitol Hill, under the aegis of Nicaragua Network, the liberal anti-"contra" group headed by actor Ed Asner.

Since June 12, when the House of Representatives gave way to presidential bullying and voted them \$27 million in "humanitarian" aid, the "contras" have grown bolder.

In Dr. Lifflander's Managua neighborhood, where she shared a home with Helen Salgado, divorced mother of two daughters, almost every family has a son fighting at the front, and "there are funerals all the time." Civilian casualties are mounting. Eight women traveling to visit their sons in an army camp were killed when "contras" attacked their bus. Seventeen people were injured in what certainly sounds like a terrorist raid.

When she returned to her Managua home after her brush with the "contras" she expected a "heroine's welcome," but perspective was immediately restored. A woman in the neighborhood had lost her only son,

her sole support. He was in a coffee-harvesting brigade that was attacked by "contras" who, after shooting it up, set fire to the brigade's truck bearing wounded.

Dr. Lifflander does not think that the "contras" will prevail. "You don't win a military victory by killing eight women," she says. She thinks the Nicaraguans will fight to keep their revolution. "Helen Salgado was probably better off during the Somoza years. It was easier for her to get hair dye and eyebrow makeup and spare parts for her car. But she remembers the Somozas and the raping and looting that went on in her neighborhood, and she doesn't want to go back."

The doctor is one of 25,000 Americans who have spent time in Nicaragua to give a hand to the Sandinists. She will be urging students to stay in the United States to try to change the Reagan policy.

"There is so much misinformation," she says. "It has to be stopped here. I don't understand why Congress buys all this emotional nonsense from the president. I'm an internist, not a psychiatrist."

Washington Post Writers Group.

If Voters Won't Swear Off, Try Cutting Off Bolivia

By Charles Kranthammer

WASHINGTON — He can hit, he can steal, he can turn the double play. And he suffers, he told the press, from a "disease called chemical dependency." That is Alan Wiggins, erstwhile Baltimore Orioles second baseman, explaining his recent suspension from baseball for treatment of cocaine addiction.

"It's a disease. It's not a moral issue. It took me a while to learn that for myself." One has the distinct im-

pression that Mr. Wiggins did not learn it for himself but had to be taught the new dispensation.

What he picked up is more than a euphemism. It is now a conventional wisdom. Drug abuse has been elevated, if that is the right word, to the status of a disease.

This is a polite fiction, like other forms of politeness, has a humane purpose: in the present case, to make things easier on the sufferer. It assures him that he is not to blame. He is a victim, and victims are absolved of responsibility for their condition. We do not hold someone responsible for his colon cancer. We once held him responsible for his drug abuse. How now to approach someone stricken with "a disease called chemical dependency?"

The abuser gets more than a wink. If he follows the rules he gets a pat on the back. The repentant cocaine user, just graduated from the Betty Ford Center or back from a stint in an English jail, is accorded a certain celebrity. Fine. Overcoming addiction is hard and one does not want to dismiss the

achievement. But this does make for a pedagogical problem.

A few years ago cocaine was chic. Now it is chic to be an ex-cocaine user. This is certainly progress, but still not a terribly good example for kids, since you have to get through the first two to have the second.

The medical model — the user as victim — makes for more than bad

pedagogy. It makes for bad policy. If drug abuse is not the consumer's fault, then it must be the producer's. Where then to fight drug abuse? In Peru and Bolivia, or as far away from North American shores as possible.

The result is supply-side drug control, aimed especially at the pusher with poor English. The House of Representatives is moving smartly on this front. It voted last month to cut off aid to Bolivia and Peru unless they cut back on coca production.

It happens that Bolivia and Peru are perhaps the two most fragile democracies in the Western Hemisphere. Bolivia, home to 185 military coups in 140 years, has just sworn in a rarity: an elected president. Peru, fighting off the most barbaric bunch of woolly "Shining Path" revolutionaries this side of Pol Pot, swore in its newly elected president on July 28.

The House is not daunted. If approved Representative Charles Rangel's proposed bill, it would impose a friendly country and undermine its democra-

cy for — what? — for a gesture. The

House of Representatives really believes its own hyperbole — that drug abuse is a calamity that threatens "productivity, public health, education . . . and national security" — then the drug user, who collaborates in creating this calamity, deserves some social sanction, too. At least as much, say, as the drunk driver.

Why then don't the politicians push for strictly enforced penalties for drug use? Because Americans like their drugs. And they vote. Bolivians don't vote for the U.S. Congress. If the House has its way, they will not vote very much longer for their own government, either.

Washington Post Writers Group.

LETTERS TO THE EDITOR

Pearl Harbor and So On

In response to the report "Hiroshima Marks Day of Devastation" (Aug. 7):

I don't recall Prime Minister Nakasone pledging that there will never be another Pearl Harbor. Do Japanese observe a minute of silence on Dec. 7, the anniversary of the attack? If it did not kill 138,690 unsuspecting Americans, it was not for lack of trying.

BARBARA LIGON, Orgeval, France.

In response to the report "Soviet Will Halt Nuclear Testing 5 Months: U.S. Invites Observers" (July 30):

When Mikhail Gorbachev interrupts nuclear tests, Ronald Reagan invites the Russians to come and monitor a U.S. test. Will America remain unsatisfied with its nuclear prowess indefinitely? One would think that the knowledge and ability

to blow our planet to bits would be the end of the game. Why must annihilation be endlessly fine-tuned?

FLORIS NICO BUNINK, Amsterdam.

Europe Preceded 1945

In his assessment of the Helsinki accords ("For the Russians, Major Victories," Aug. 3) Richard Pippa calls "astonishing" the affirmation contained in the Final Act, that democracies and the countries poised to enter share a common history and heritage. Would he describe the Germans and the Poles of the French and the Romanians as having lost traditions and values to communism? When does his history of Rome begin — in 1945? I am glad to be in his history class.

THE BRIEF

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Hussein's Peace Plan: Under Siege From Both Friend and Foe

By Christopher Dickey

Washington Post Service

CASABLANCA, Morocco — For more than nine months Jordan's King Hussein has tried to forge ahead in his joint peace initiative with the Palestine Liberation Organization despite the sometimes erratic behavior of his PLO partners, threats from Syria, apparent disdain by Israel and the immobility of the United States.

Now, added to his problem, analysts say, is the public skepticism and reticence of his closest allies in the Arab world as shown at a special summit meeting in Casablanca last week.

Syria and Libya, the most radical Arab states, did not attend. But after three days of what participants said was passionate debate, those Arab leaders who did come were able to offer Hussein nothing better than a statement that they had listened to him and the PLO chairman, Yasser Arafat, and they hoped that anything the two did would be in line with an Arab peace plan unanimously approved at a 1982 summit meeting in Fez, Morocco.

That plan virtually dropped from sight

in 1983 after gaining little support outside the Arab world.

Hussein, whose nation could ill afford the kind of isolation in the Arab world suffered by Egypt after it signed the Camp

NEWS ANALYSIS

David accord, has tried carefully to shore up wider Arab support for the plan ever since he outlined it in November 1984.

Both he and Mr. Arafat, who signed a joint action plan in February for peace with Israel, have traveled extensively in the region to explain it to other leaders and attempt to gain their blessing.

Why such reticence at the summit meeting? The explanation given Saturday at a press conference by King Hassan II of Morocco, the host of the meeting, was that, despite hopes raised by the Jordanian-PLO plan, it has yet to show concrete results.

Other Arab officials making the same point Friday, blamed the United States for not meeting with a joint delegation of Jordanian officials and members appointed

by the PLO, whose names were submitted to Washington a month ago.

But Washington has been slow to move partly because it does not want to get out too far ahead of Israel in the process. U.S. officials insist that their objective is to facilitate direct talks between Israel and a Jordanian-Palestinian delegation. There is no sense, they say, in meeting with people Israel will not talk to.

As a result, direct contact with the PLO still is ruled out by Washington while the Arab League members represented at the summit meeting reiterated strongly that the PLO is the only legitimate representative of the Palestinians.

The more moderate Arab leaders have tried to show that they are willing to talk reasonably as long as certain fundamental questions are addressed.

Hassan, who is president of the Arab League, said Saturday that he would invite Israeli leaders to Morocco to discuss any peace plan they might offer that would return the occupied territories and recognize the right of the Palestinian people to self-determination.

But Israel, with a coalition government facing a desperately shaky economy and growing anger over attacks on Jewish settlers in the West Bank, has shown little interest in exerting efforts to find diplomatic breakthroughs.

Instead, public debate there recently focused on whether to attack Palestinian bases in Jordan. The idea, originally suggested by Ariel Sharon, a cabinet member from the rightist Likud bloc and architect of the 1982 invasion of Lebanon, was dismissed by Prime Minister Shimon Peres of the Labor Party.

But Hassan warned Saturday, nevertheless, that "if Israel does this it will be the greatest folly."

"Jordan is a responsible country," he added, "and has friends in the world who won't permit it to be hurt."

Another element weighing strongly against an endorsement of the Jordanian-PLO plan at the summit meeting in Morocco was Syria's opposition.

While about half of the 21 Arab League members were represented by their leaders

Sudan, sent lower-ranking officials. But Syria, which strongly opposed the convening of the summit meeting, boycotted it, along with Libya, Algeria, South Yemen and Lebanon.

Most of those who attended, however, seemed to feel Syria's presence almost as strongly as if it were represented.

Syria argues that there can be no settlement with Israel until there is a strategic balance that forces it to give up the occupied territories in exchange for peace. Several delegation members privately expressed sympathy with this view.

But even those who disagree with Syria appeared clearly aware of the country's ability to retaliate against those who oppose it. Few Arab leaders are willing to risk the wrath of President Hafez al-Assad by openly endorsing measures that oppose his policies.

In this context of a combination of inaction by his friends and intimidation by his enemies, Hussein reportedly has decided to take a brief vacation, waiting to see if one side or another can give him and the joint initiative the support they need.



King Hassan II of Morocco, left, talking with King Hussein of Jordan during the Arab summit meeting in Casablanca.



FIGHTS DEPORTATION — Hani Abu Zaid, accused of being a leader of the Palestine Liberation Organization on the Israeli-occupied West Bank, was led to a court Sunday to appeal a deportation order. The court was to rule Thursday. It was the first deportation order since Israel decided Aug. 4 to revive, after five years, the practice of deporting Arabs accused of hostilities.

Franjeh Appeals to Christian Clans To Unite as Dominance Is Challenged

By Nora Boustany

Washington Post Service

EHDEN, Lebanon — A new mood of conciliation appears to be surfacing among Christians in the mountainous north of Lebanon, where feuds are traditionally more common than compromise.

The feudal clans seem determined to turn away from memories of slaughters by rival Christian militias and seek solidarity with other Christians, who now see themselves threatened with the loss of their political domination of Lebanon.

"I think it is time for us to communicate because the Christians need to be strong," said Butros Franjeh, 18, whose father, mother and brother were slain in the June 13, 1978, raid on Ehden by a rival Christian faction.

Also killed that night was Tony Franjeh, son of the clan patriarch, Suleiman Franjeh, a former president of Lebanon. Tony Franjeh's wife and baby daughter also died.

In a recent interview at his summer residence in Ehden, Suleiman Franjeh expressed a desire for forgiveness and said, "I am ready for any sacrifices it takes to bring people back to their consciences."

He said he regards Israel as the cause of most of Lebanon's problems and said he could not work with Lebanese who are still linked to that country.

Last week, a coalition of Moslem and mostly Greek Orthodox Christian opposition leaders met in the central Lebanese town of Chitaura to proclaim the formation of a pro-Syrian National Unity Front. The group denounced the trend to partition of the country and urged an end to the allocation of political offices and legislative power according to religious affiliation.

The presidency, Lebanon's top executive post, always goes to a member of the Maronite Catholics, the country's largest Christian group. The prime minister's post goes to a Sunni Moslem and the office of house speaker to a Shiite Moslem. The army's commander in chief, the chief of military intelligence and the governor of the central bank are also Maronites.

The language of the Syrian-sponsored Chitaura declaration was mild, but its intent was clear: The days of Maronite supremacy are over.

Mr. Franjeh did not attend the meeting and sent no one to represent him, and most Maronites boycotted the conference.

The wish to protect their remaining privileges has propelled Christians toward a forced solidarity, but they are not rallying behind Amin Gemayel, the country's Maronite president. Mr. Gemayel is increasingly isolated from both the Christians, who regard him as ineffectual, and from the Moslems, who doubt he can introduce reforms that will reduce the political influence of his own group.

Mr. Franjeh has repeatedly said that must fall, but he is not among the Gemayel critics who want both to unseat the president and to change radically the Lebanese governing formula.

Mr. Franjeh was president in 1975, when Lebanon's civil war pitted Moslems against Christians in a sectarian conflict fueled by discord over the governing formula that favors the Christian minority.

"To have the president from a sect other than the Maronites would be racing ahead of reality," Mr. Franjeh said.

His approach to changes in the Lebanese system remains conservative despite his dislike of Mr. Gemayel and Mr. Gemayel's closeness to Syria, which has backed Moslem demands for a more balanced distribution of power. Christians hold a 6-5 edge in the parliament.



Suleiman Franjeh

over. Mr. Franjeh did not attend the meeting and sent no one to represent him, and most Maronites boycotted the conference.

The wish to protect their remaining privileges has propelled Christians toward a forced solidarity, but they are not rallying behind Amin Gemayel, the country's Maronite president. Mr. Gemayel is increasingly isolated from both the Christians, who regard him as ineffectual, and from the Moslems, who doubt he can introduce reforms that will reduce the political influence of his own group.

Mr. Franjeh has repeatedly said that must fall, but he is not among the Gemayel critics who want both to unseat the president and to change radically the Lebanese governing formula.

Mr. Franjeh was president in 1975, when Lebanon's civil war pitted Moslems against Christians in a sectarian conflict fueled by discord over the governing formula that favors the Christian minority.

"To have the president from a sect other than the Maronites would be racing ahead of reality," Mr. Franjeh said.

His approach to changes in the Lebanese system remains conservative despite his dislike of Mr. Gemayel and Mr. Gemayel's closeness to Syria, which has backed Moslem demands for a more balanced distribution of power. Chris-

tians hold a 6-5 edge in the parliament.

Commenting on Shiite demands to have the president elected by a popular rather than a parliamentary vote, to accommodate the growing number of Lebanese Shiites, who number one million, Mr. Franjeh said, "No true Lebanese politician would make such a request."

Mr. Franjeh said that some of the points raised in Chitaura were valid but that they should be combined with elements raised in a "constitutional document" he drafted in 1976 with Syrian approval. A key point then was a call for a 50-50 representation of Moslems and Christians in parliament.

On Shiite Moslem demands for a greater share in Lebanon's decision-making establishment, Mr. Franjeh said, "Naturally, man will ask for what he wishes. But what they are asking for should be based on a right that is not theirs alone or the property of a specific region. Every area, every religious group in Lebanon has the same rights."

The Shiites, who live mostly in the south, complain of neglect and scarce village-development funds.

Mr. Franjeh said all Lebanese villages received all the services the state provides.

But the well-paved wide highways leading to the mountain resort of Ehden contrast with the potholed and tattered road network in southern Lebanon.

Israeli Stabbed on West Bank

New York Times Service

JERUSALEM — An Israeli was stabbed over the weekend as he walked past the Arab marketplace in Hebron, in the occupied West Bank. It appeared to be another in a series of attacks against individual Jews and Arabs.

An army spokesman said Yacov Reiter, 46, from the Jewish settlement of Kiryat Arba outside Hebron, was taken to a Jerusalem hospital in satisfactory condition after two attackers stabbed him in the neck and back on Saturday.

Military sources said they suspected the attackers were Arabs and that they had detained several persons for questioning.

The Kiryat Arba settlement's

leader, Elyakim Haetzni, was quoted by Israeli radio as blaming Defense Minister Yitzhak Rabin for the attack. He said the minister had "failed to ensure order" in the West Bank and was responsible for "releasing terrorists" in last May's prisoner exchange of three Israelis for 1,150 Palestinians.

The Israeli cabinet announced recently that it was reviving several security measures to cope with the rise in Arab violence against Jews. They include deportation of Arabs suspected of hostile actions, detention for up to six months without trial for anyone suspected of incitement or terrorist activities, and the closing of Arab newspapers that violate military censorship.

To Ecevit, a Paradox Inspires Hope

Ex-Turkish Leader Sees New Spirit in Undemocratic Climate

By Henry Kamm

New York Times Service

ANKARA — Bulent Ecevit, a former prime minister who has been banned from politics since the military coup of 1980, says the spirit of democracy is gaining in Turkey despite what he termed an undemocratic government.

Mr. Ecevit said the situation presented a paradox: "Before the military intervention, in many ways there were ample constitutional guarantees for democracy and freedom. Yet we felt a lack of deep-rooted democracy."

"Now it's just the opposite," he continued. "Constitutional and institutional guarantees for democracy do not exist anymore, but the attitudes arising from accumulated experience with democracy have all of a sudden begun to assert themselves. The press and the people have become more vocal."

Mr. Ecevit, a poet and journalist who was prime minister three times, said the turning point was the 1983 election, when Turgut Ozal was chosen prime minister. Mr. Ecevit described the government as only relatively civilian and elected, but said the people felt the

elections represented a transition back to democracy.

Despite what he called more police powers and more restrictive laws on labor unions and cooperatives, Mr. Ecevit said there emerged a freer atmosphere.

"Pressures on the press continue," Mr. Ecevit said, "but, after all, the papers have to sell. They have to take into account the expectations of the reading public."

"This is encouraging," he said, "because for the first time democracy is evolving from the bottom. It had been the custom in Turkey for rights and freedoms to be given from above."

Mr. Ecevit, 60, added quickly that he was not praising the Ozal government for stirring popular democracy. "If people had effective channels of expression, democracy could develop more quickly," he said.

Although the ban on political activity prevents him from becoming openly involved until 1992, Mr. Ecevit is widely regarded as the guiding spirit behind the budding Democratic Left Party, whose likely leader is his wife, Rahsan. The formation of the new group means a completion of his gradual break

with the Republican People's Party, which he led from 1966 until the coup.

"I was disturbed by the elitist traditions of my former party, although emotionally and intellectually I was deeply attached to it," Mr. Ecevit said. "This elitist and intellectual attitude is not compatible with social democracy. The working people must take the lead. They must not expect anything from above anymore."

Mr. Ecevit said that the Ozal government offered "the window dressing and paraphernalia of institutional democracy," but said it was similar to Eastern European "people's democracies."

He called Mr. Ozal the cleverest of the new generation of politicians, but one used to governing in circumstances that have made it too easy for him to have his way.

"Now, when the popular will is beginning to be expressed through the breaking down of the military regime," Mr. Ecevit said, "he gets nervous and frustrated."

He said he was "optimistic for the future, not because of the attitude of the oligarchy in power but because of the silent way in which the people continue to enlarge the borders."

Shiites in Beirut Detain Christians On Airline Bus

Reuters

BEIRUT — Shiite Moslem gunmen held about 40 Christian airline passengers hostage in Beirut for three and half hours Sunday as they demanded the release of a Moslem who was kidnapped, the chairman of Middle East Airlines, Sedim Salam, said.

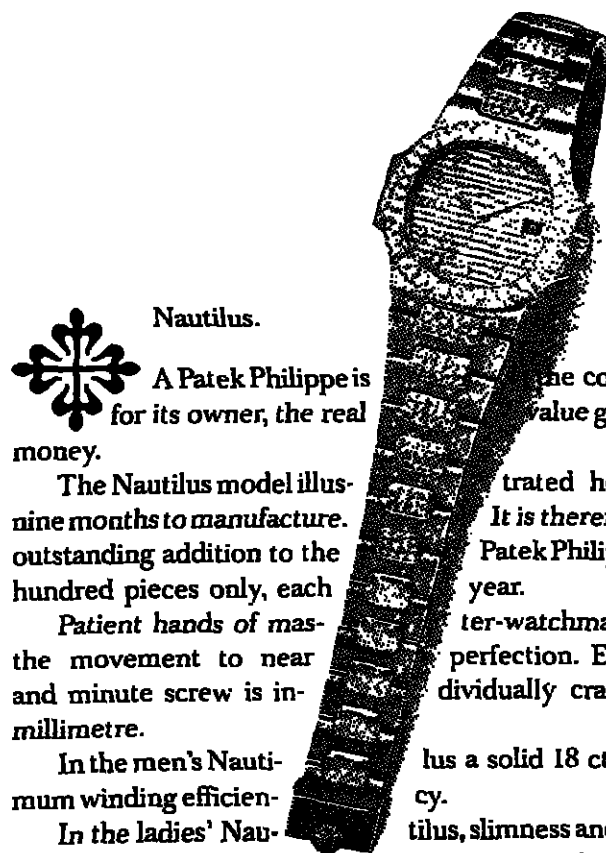
He said the passengers were freed unharmed from hideouts near Beirut airport after he made contact "with the people concerned."

The two gunmen were seeking the release of Mustapha Hamadeh, a Shiite held by militiamen in Christian-dominated East Beirut, Mr. Salam said. He said he did not know whether Mr. Hamadeh had been released.

The passengers, including women and children, had been traveling in two of the airline's buses when they were stopped at a checkpoint near the airport in the city's Moslem-controlled western sector, Mr. Salam said.

Separately, a Lebanese official of the Kuwait Embassy kidnapped in West Beirut a month ago was released Sunday. Wajed Ahmed Doumani, 55, said he had arrived at his home in West Beirut on foot after being driven to a nearby street by his captors.

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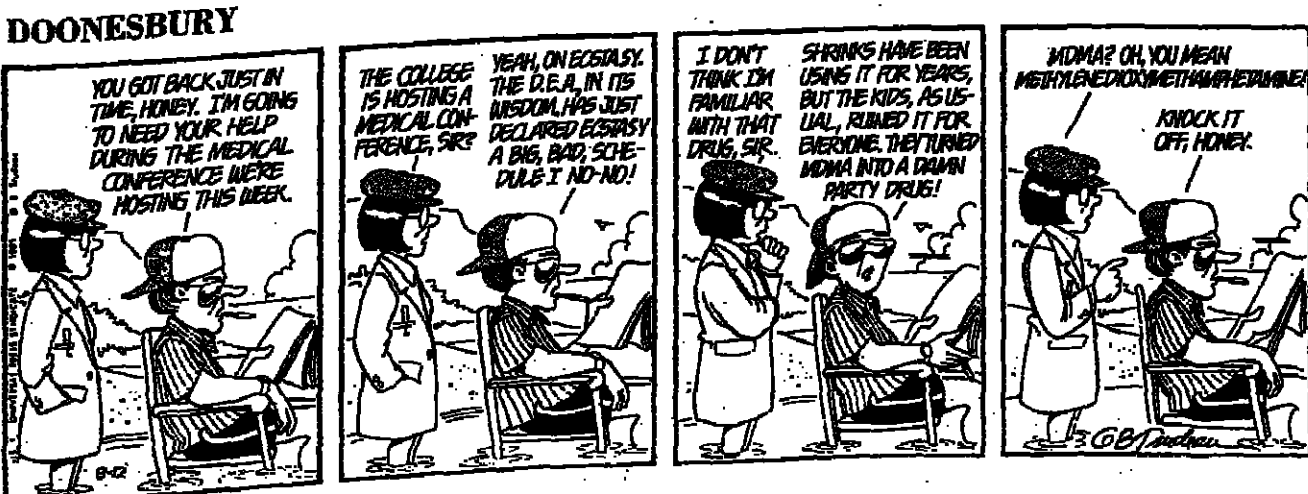
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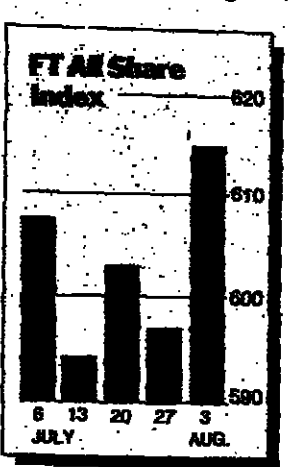


PERSONAL INVESTING

INVESTOR'S Notebook

Upbeat in London

Some London analysts say the Stock Exchange is poised for another rally. Their upbeat view is based on the belief that the pound, despite some recent setbacks, will remain firm enough for the Thatcher government to lower interest rates further. This comes as welcome news to investors who saw share prices retreat in June largely because of the heavy volume of new equity issues. A drop in export earnings as the pound strengthened earlier this summer also unnerved the market.



analyst at James Capel & Co., suggested BAT Industries, the tobacco and retailing group, and ICI in the chemical sector. Both have fairly low price-earnings ratios.

With U.K. interest rates and bond yields trending down, we're much happier," acknowledged William Bain, an analyst at Wood Mackenzie.

Nevertheless, analysts are advising investors to stay away from exporters and look to consumer issues, such as retail stores. Marks & Spencer, British Home Stores and Sear's Holding are on the buy list of many brokerage houses. Dees Corp., a food retailer, and Dixons PLC, an electrical retail chain store are also mentioned by analysts. For those willing to take a chance that the pound will not make further gains on the dollar, Nicholas Knight, an

Cola Wars Revisited

Among beverage analysts, Coke is still it. The leading soft-drink producer fumbled badly earlier this year when it retired its original formula in favor of a recipe that met with strong disapproval among American consumers. In a turnabout, the company reintroduced its 99-year-old drink as "Coca-Cola Classic," which is now sold along with the new Coke. But the impact of Coca-Cola's marketing snafu on its stock price will be minimal this year and may even be positive next year, according to George Thompson, an analyst at Prudential-Bache.

Mr. Thompson bases his assessment on the fact that Coca-Cola's foreign markets, which account for 50 percent of its revenue and were not affected by the formula switch, continue to be healthy. In addition, "Coca-Cola Classic" should prove to be an efficient item requiring only limited marketing effort, explained Mr. Thompson, since its reputation is well established. When the new formula is introduced abroad next year, "its marketing will have already been fine-tuned" in the United States, he said.

American Gold Option

The U.S. Treasury may soon find itself a major player in the gold coin market. Proposed congressional economic sanctions against South Africa would not only ban further imports of the Kruggerand, but would also direct the U.S. Treasury to begin minting bullion coins for the first time since 1933.

The gold coins would presumably be traded in the same manner as South Africa's Kruggerand and Canada's Maple Leaf. The American coins would be designed to match the dimensions, weight and gold content of Kruggerands, which are available in denominations of one tenth of a troy ounce, one quarter, one half, and one troy ounce.

There are no official estimates of the potential demand for an American gold coin. But the increasing unrest in South Africa has hurt demand for the Kruggerand and increased the sales of its primary competitor, the Maple Leaf.

Gilt-Edged Copycat

The success of CATS and TIGRS, the zero-coupon instruments backed by U.S. Treasury securities, was bound to produce imitators. But last week's effort in London to introduce a similar instrument, STAGS, based on British government bonds, known as gilts, showed that some financial concepts do not travel well.

The avowed purpose of the sponsor, Quadrex Securities, was to offer offshore investors a new way to invest in British pounds. Because British regulations make zero-coupon instruments "tax horrible" for onshore investors, as one banker put it, there is virtually no domestic market. But even offshore interest did not appear overwhelming, with all but one of the 27 series of STAGS ending the week below their issue prices. In the longest maturity, STAGS yielded about 10.35 percent on an annual basis.

Bond-market participants cited several reasons for investor reticence, including mispricing. The issue also seemed badly timed, others said, coming as many investors were taking profits on a big rise in sterling's value.



Grumman jets being built. Strategic metals are used in aviation.

The Uneasy Market In Strategic Metals

Pollution policy and politics stir interest in a depressed sector

By Bruce Hager

WHILE last week's strike threat by miners in South Africa had most metal analysts debating the long-term implications for gold prices, a number of experts were expressing concern about a less fashionable metal — rhodium. A member of the platinum group, this silvery white metal is rarely thought of as a precious metal, but can be significantly more valuable.

A heat-resistant metal used in plating electrical circuits and in reducing auto-exhaust emissions in catalytic converters, rhodium is a so-called "strategic metal." This term is applied to a range of substances that are distinct from precious metals and nonferrous metals such as copper because of their limited supply and critical industrial and military applications, most notably in the construction of aircraft and missiles.

The distribution of these metals also has geopolitical implications. Most of the world's known reserves are in the Soviet Union and a handful of African nations. Questions about the reliability of supplies have played havoc in the market intermittently since the late 1970s.

The recent unrest in South Africa, one of the biggest producers of rhodium and other key industrial metals, has again focused attention on strategic metals. The market has lost much of its luster for investors since the booming metals market of the late 1970s, but it continues to attract a handful of individuals who hope to cash in on its volatility.

Although a strike on Aug. 25 by the National Union of Mineworkers in South Africa would primarily affect gold, diamond and coal mines, analysts are not discounting peripheral incidents at platinum mines that would also affect rhodium prices. To date, such fears have not affected rhodium

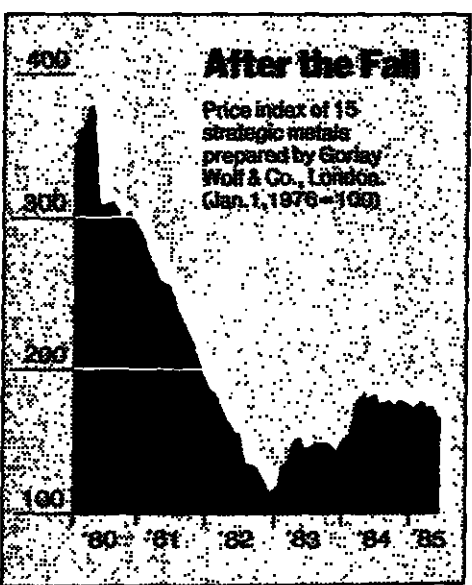
um or the prices of other strategic metals mined in South Africa, such as vanadium, manganese and chromium. But the current unease about rhodium supplies is understandable.

Political factors have created market shortages and panic in the past. The best example was in 1978 when a group of guerrillas attacked the mining town of Kolwezi in Zaire, a center for cobalt production. With about 50 percent of the world's cobalt reserves in Zaire and neighboring Zambia, fears of a shortage of this tough, lustrous metal used in the production of jet engines, drove the price of cobalt from \$6.85 a pound to \$45.

Like most commodities, the market for strategic metals has been bearish for the past couple of years. Even cobalt prices have slipped to around \$11.50 a pound, and some analysts believe these and other metals prices could remain steady for some time if the South Africa political situation is resolved.

"No producer of any metal likes to have violent

(Continued on Page 8)



ECU Comes of Age For Global Investing

A sagging dollar boosts its appeal for bond investors

By Colin Chapman

ABOUT five years ago, a handful of French and Italian companies hit upon the idea of issuing international bonds denominated in the European currency unit, the artificial currency that reflects the value of nine currencies of the European Community. The securities found ready buyers among one group of Eurobond stalwarts.

It was the individual, conservative Belgian investor — the Belgian dentist — who bought them," recalled Pierre Jaegly, manager of Cede, the Eurobond clearing service in Luxembourg. When it came to European currencies, he noted, Belgian bond investors were skeptical of the stability of such high-interest currencies as the French franc and the Italian lira and indifferent to the low interest rates on bonds in stronger currencies such as the Deutsche mark. With ECU bonds, "they received higher yields than on the Deutsche mark and still had stability," Mr. Jaegly noted.

Lately, as the dollar sags, investors far beyond Belgium and Luxembourg are discovering the attractions of the ECU (about 78 cents). Although the continued high yields and security of dollar-denominated bonds discourage large-scale defections, investors with substantial portfolios in dollar securities are weighing the advantages of at least a modest diversification into other currencies. For these investors, the ECU has obvious benefits.

A study by Bank Julius Baer found increased interest in ECU securities among investors in the United States and Germany, and Mr. Jaegly says Japanese institutions are taking notice. Currency

funds and U.S. institutions in particular have begun to appreciate the "fantastic diversification it offers against the dollar," reported Leon Kirps of Credit Suisse First Boston.

The new interest in the ECU fits in with the view of some professionals that fixed-income instruments make more sense than common stocks when it comes to strategies for cashing in on currency moves. They note that returns on common stocks reflect the fortunes of individual companies. A shift in value in a country's currency can have widely different effects across the spectrum of industrial activities, complicating the task of sorting out the winners from losers in common stocks.

The returns on fixed-income instruments such as bonds are more directly linked to broad economic trends rather than to specific industrial or corporate developments. Thus they are regarded as "pure" plays on currency moves.

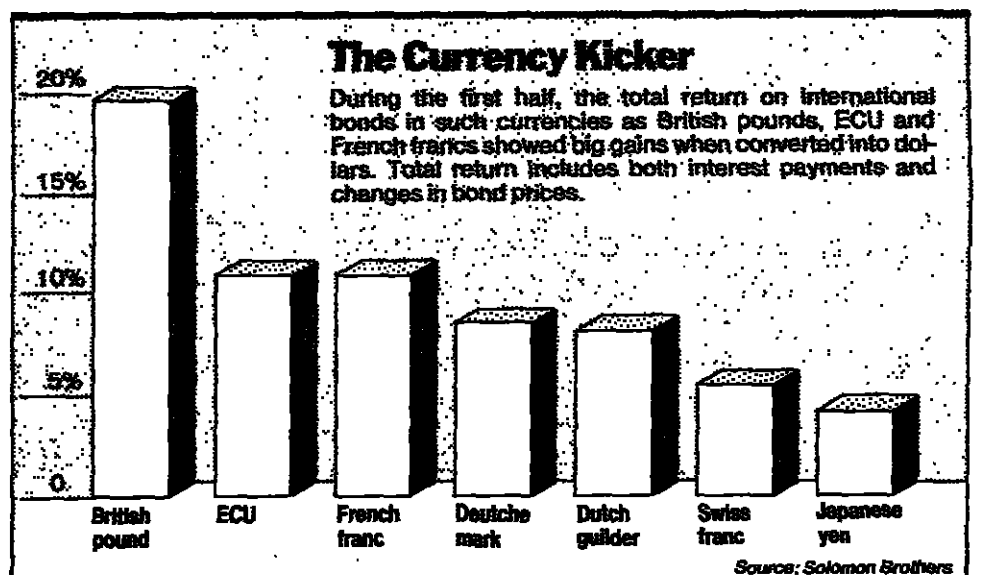
The snag is that most major alternatives to the dollar have flaws. Few investors are willing to abandon the high coupons on dollar bonds for the meager returns on bonds in Deutsche marks or yen. While bonds in British pounds offer more generous coupons than dollar securities, the wild gyrations of sterling unnerve many investors.

With the ECU, investors can avoid such tough choices by, in effect, using a weighted basket of all European currencies. The ECU stands to gain nearly as much as the Deutsche mark in periods of dollar weakness, say the professionals, yet the yields on ECU bonds are substantially higher than on Deutsche mark bonds.

According to Salomon Brothers, the investment firm, the average yield to maturity on 10-year ECU Eurobonds was about 9.04 percent at the end of July. That was about 2.3 percentage points above the yields on Deutsche mark bonds and about 2.4 percentage points below the yields on Eurodollar bonds.

The reasons lie in the weightings assigned to the nine currencies in the ECU. The formula gives heavy weighting to such widely held currencies as the Deutsche mark and British pound. But inclusion of more narrowly held currencies such as the

(Continued on Page 10)



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THE BOURSES

Discount Brokers Lure Investors Outside U.S.

By Barbara Rosen

WALL Street's "big bang" of 10 years ago, which ended the era of fixed brokerage commissions, gave birth to a new type of no-frills firm that offered to make trades for investors at fees far below those of the big-name "wire house" brokers. By forgoing research and other services, these discount firms kept costs low and passed the savings along to investors as reduced commissions.

Over the years, the discounters became a permanent feature of the U.S. financial scene, with other institutions such as commercial banks and mutual funds also offering stripped-down trading in stocks. The U.S. Securities Industry Association estimates that discounters, which now include some firms that offer minimal advisory services and whose fees are only marginally below those of full-service firms, handled 19.2 percent of the trading volume on U.S. exchanges last year.

Partly because most discounters do not maintain offices abroad, this way of trading U.S. stocks has been generally inaccessible to investors outside the United States. The uncertainties of dealing by telephone, problems of time zones and unfamiliarity with the discount approach discouraged investors abroad, who tended to trade through the foreign branches of U.S. full-service brokers or through a bank. But recently, the discounters appear to be taking steps to lure the business of investors in Europe and Asia.

"We'd like to be able to serve investors around the world," said Hugo Quackenbush, senior vice president of Charles Schwab, a subsidiary of BankAmerica Corp. Schwab, the largest U.S. discount broker with more than

one million accounts, already has an office in Hong Kong and hopes to expand into Europe next year, possibly to Britain or West Germany, he said.

Quick & Reilly, another big U.S. discount broker, hopes to offer computerized trading services and a stock information package to investors outside the United States. Using a modem, an investor who has a personal computer could tap the services through phone lines. Leslie Quick 3d, vice president of the firm, said a handful of investors outside the United States are already using the service.

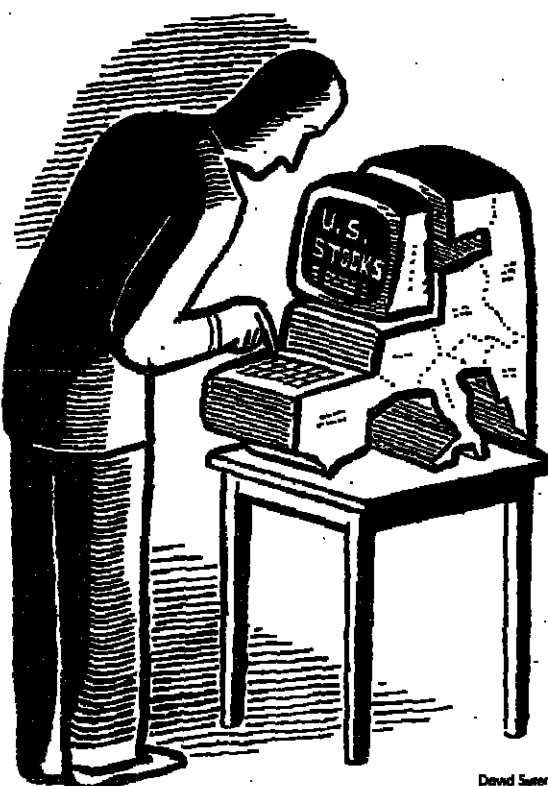
But the trailblazers in the field appear to be offshoots of smaller U.S. firms such as Andrew Peck and Eastern Capital. Eastern has been in London for four years, and Andrew Peck opened its office last spring. Matthew Shaloo, a vice president of Andrew Peck, said the firm wanted to be closer to its clients. Trans-Atlantic telephone calls are fine "until some small thing goes wrong and you can't go down and talk to the person," he said.

Investors who feel savvy enough to pick their U.S. stocks without the research and advice offered by the full-service brokers can roll up big savings by using discounters. "There's a pretty enormous difference in terms of the commission rates," says Walter Prime, an American who is managing director of Prime Grieb & Co. in London, a corporate finance firm. "I would reckon the savings is generally 50 percent."

"It's absolutely crazy for someone to be paying much, much higher commissions if you don't need the big firms," he said. "And frankly, you'd do better using a dart board than some full-service brokers."

A quick check of various commissions for trading 100 shares of stock costing \$50 each gave some sense of the

(Continued on Page 8)



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The Board of Directors of ENSERCH Corporation on July 30, 1985, declared a regular quarterly dividend of 40 cents per share of common stock, payable September 3, 1985, to shareholders of record August 16, 1985.

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THE BOURSES

A Focus on Assets Boosts Tokyo Property Shares

By Terry Trucco

FOR YEARS Japanese real estate stocks were noted for their stability. They were classic defensive stocks, promising limited gains with minimal risk. Mitsubishi Estate, with its blue-chip properties and ties with the huge Japanese government, typified the sector's solid aspects. Its price hovered in the 300-to-400-yen range. Its all-time high was 550 yen in the mid-1970s.

All that changed this year. In March the stock reached 650 yen (\$2.70) and by May it had shot past 800 yen. It finally peaked at 970 in July before falling to around 850 earlier this month, a drop some analysts feel may be a short-term correction.

The performance of Mitsubishi and that of many Japanese real estate stocks in recent months reflects a new theme running through the Tokyo Stock Exchange — identifying latent assets. These are primarily underdeveloped properties held by companies that analysts believe are not fully valued and have yet to be reflected in share prices.

The market's search for hidden assets is largely a consequence of its current preoccupation with domestic issues. Trade friction with Washington and the slowdown in economic growth in the United States have soured the market's appetite for blue-chip exporters. As a result, properties and other sectors with large real estate holdings, such as railways, warehouses and non-life insurance companies, are textbook examples of the domestic shares that have been thrust into the spotlight.

Moreover, these stocks are being pushed higher by expectations that the government will revise building codes and tax rules to encourage sales and development. This would be an inexpensive and painless way to stimulate domestic demand and make the economy less dependent on exports.

Although these stocks have been outperforming the generally sluggish Tokyo market since May, some analysts think the sector still has room to grow, particularly the so-called "Big Three" property stocks, Sumitomo Realty and Development, Misui Real Estate Development and Mitsubishi. Such companies are well-managed, own impressive properties and, analysts say, are in the midst of developing projects that could insure good returns well into the next decade. For example, Mitsubishi is undertaking an ambitious 25-year project to rejuvenate a large expanse of the Yokohama waterfront.

Some analysts contend that if the market accurately valued all hidden property assets held by Mitsubishi Estate, including the land under Tokyo's pricey Marunouchi business district, its share price could be at least 3,000 yen.

Such optimism is not universal. Others believe the sector is about to peak or already has. Shares trading on the basis of hidden assets, they caution, are especially vulnerable to a sudden switch in market mood. And there has already been some talk that the market overreacted to export fears. "This area is volatile now, and timing is very important," said Peter Tasker, an analyst with Greaveson Grant.

Indeed, prices have fluctuated wildly in recent months for some of the small real estate companies with comparatively few shares available for trading. Osaka Tatemono, which owns choice land in Osaka, traded at 500 yen in early May when the sector was just heating up and shot to 2,200 in early July. It has since dropped to around 1,300. Tokyo Tatemono, which also owns prime urban land, experienced similar gyrations, jumping from 500 to a high of around 1,300 and back down to the 850 range.

Massive mid-July sales by Tokkin funds, trusts that manage money for institutions, are one reason for the drop, analysts say. But a number of observers think these issues have good long-term prospects.

"In the last three months the market has been overextended in some areas," said Teisuiro Miyake, a manager for Nomura Securities, who cited certain railways, warehouses, hotels and other shares boosted by latent assets and little else.

"Some stocks like Tokyo Tatemono and Osaka Tatemono were priced unjustifiably high. But for the sector as a whole, the growth should go into the next decade."

Some of the fundamentals still seem to favor real estate stocks. The price of premium property is rising by as much as 30 percent a year in Japan. This is especially true in Tokyo, where office space is growing scarce because of the increasing number of foreign companies who want to set up shop and because of the expanding use of office-automation equipment, which requires added space. Moreover, Japan is showing modest investment growth in three key areas — housing, urban development and big public-works projects. Housing starts have been surprisingly strong, fueled by the lowest home-loan rates in 15 years.

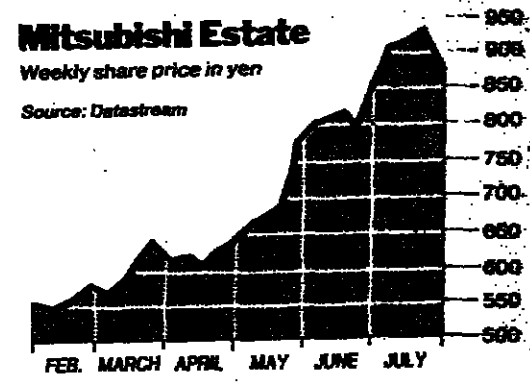
Railroads and warehouse companies, particularly those linked with one of the large industrial groups, such as Mitsubishi Warehouse and Transportation, also are likely to benefit from future building and development, according to analysts.

Two government projects — a bridge to span Tokyo Bay and a new airport in Osaka — have already affected the share prices of a number of railroads whose land abuts the projects in each city. Keihan Electric Railway and Nankai Electric Railway have been the chief beneficiaries, and a number of analysts project further gains. At the same time, the big warehouse companies are starting to raze dockside warehouses, replacing them with high-rise office buildings.

Analysts caution, however, that such shares can be risky. Railroads are especially risky because they tend to make little money from their government-regulated fares and may wait years to develop their land. "Investors have to look at these on a case-by-case basis," Mr. Tasker said. "The land under consideration needs a potential."



Mitsubishi Estate owns the land under Tokyo's Marunouchi business district. Such high-grade assets have enhanced its standing with investors.



Discount Brokers Lure Investors Outside U.S.

(Continued from Page 7)

the savings potential. Merrill Lynch would have charged \$92. Another full-service broker, E.F. Hutton, put the fee at \$103.53. In the discount category, Andrew Peck said it would charge \$56 and Eastern Capital \$45.

Even the full-service brokers acknowledge that discounters make sense when the issue is strictly commissions. But they note that many investors outside the United States, whether American or non-American, feel distant from the U.S. markets and may need professional guidance on selecting U.S. stocks.

Some full-service brokers also offer various financial packages designed to make it easier for clients outside the United States to manage their affairs. Merrill Lynch, for example, offers a managed-asset account tailored to the investor abroad. In addition, Americans may prefer a broker who offers investor-

directed Individual Retirement Accounts, a product not all discount brokers provide.

The issue seems not to be whether discount or full-service is better, but which is appropriate to an investor's circumstances. The choices are not mutually exclusive. Some investors maintain an account at a full-service firm and at a discount broker.

Most of the opportunities for discounters outside the United States tend to lie with expatriate Americans. "They've got cash, and they're familiar with the stocks, and they know what to do," said Robin Reple, managing director of Eastern Capital.

As with any financial relationship, investors should find out as much as possible about a discounter before opening an account. It is important to obtain details on the firm's financial status and how orders are executed and trades are cleared. Making sure the firm is dealing with an established bank is a key point. The most reliable discounters will be members of the Securities Investor Protec-

tion Corp., an industry-sponsored group that insures accounts.

Unfortunately, discount brokers structure their commission schedules in such different ways that it is often difficult to tell which one will be cheapest for an investor's particular pattern of trading. There are two basic approaches. "Value" brokers charge a percentage of the dollar value of each transaction; the commissions usually decline as the value of the transaction goes up. "Share" brokers' commissions are based only on the number of shares traded.

The two pricing methods can have vastly different effects on the costs of transactions. The investor who typically buys high-priced stock tends to save more with the "share" approach, while the investor who buys low-priced stock tends to do better with a "value" system. One way to determine which is appropriate is to draw up a list of likely transactions and compare the commissions under various fee schedules.

COMMODITIES

Strategic Metals: Erratic Prices and Shadowy Dealings

(Continued from Page 7)

price fluctuations," said Philip Baillieu, a trader with Wogen Resources Ltd. in London. "It upsets their own production plans and also does the same for consumers who don't want to be paying double for what they paid at the beginning of the year."

Still, demand for specific strategic metals sometimes creates an erratic market. Earlier this year rhodium prices jumped from \$800 an ounce to \$1,200 on the news that European countries were planning stricter emission-control systems on automobiles. It has since settled back to about \$790. The potential demand for rhodium, a key component in catalytic converters, spurred analysts to predict that annual world rhodium consumption might jump 17 percent to 210,000 ounces by the early 1990s if the Europeans chose catalytic converters.

Investing in strategic metals is tricky. Unlike with most commodities, investors cannot leverage the purchase of a strategic metal. They must buy the whole physical amount through a broker and then make additional payments for shipping, storage, assays and in-

urance as well as advisory fees if the investment is part of a managed account.

Those costs and the risks associated with metals trading have led to a decline in the number of private investors as well as a corresponding drop in the number of brokers who deal in these markets. For example, Prudential-Bache Securities is the only major U.S. brokerage firm that offers strategic metals as an investment alternative and does so with ample forewarning.

"We do not think this is the type of investment the client can trade in and out of like IBM or AT&T," said Fred Wasserspring, executive vice president of Prudential-Bache Metals Co. in New York. "The commissions are big and it's not an actively traded market. Some people joke that it's traded by appointment."

The joke is well put, for the biggest problem facing private investors is not buying but selling strategic metals. Most purchasers are large companies or countries like the United States that will turn to producers to increase their stockpiles. "If you're Pratt & Whitney and you need cobalt for

jet engines, you're going to be buying a serious amount of cobalt," said Mitchell Posner, co-author along with Philip Goldberg of "The Strategic Metals Investment Handbook."

Finding a buyer does not come cheap. Although brokers are loath to discuss commissions, they say it takes little common sense to deduce that the commissions on a \$25,000 contract for silver, a very liquid commodity, would be significantly cheaper than the commissions for a similar amount of vanadium or bismuth. "In our industry, commissions run between 10 and 12 percent on a normal \$25,000 strategic-metals contract," said John Rockenstein, a Merrill Lynch analyst in New York. "The commissions are big and it's not an actively traded market. Some people joke that it's traded by appointment."

Despite the small size of the \$10-billion-a-year strategic-metals market, there is still ample room for unscrupulous brokers who will gladly sell anything to the naive investor. In the wake of the 1979-80 metals boom, so-called "bucket shops" sprang up charging high prices for small amounts of strategic metals that were never delivered.

Even with the bear market, some brokers have been known to play up the "specialized nature" of strategic metals trading, where there can sometimes be a 10-percent differential between the bid and ask price. To compound problems, traders do not have to be licensed to sell metals, and they have been known to sell amounts

that are too small to be of any use to anyone except the plainly curious. "One pound of cobalt is a nonmarketable commodity. It would cost more to ship," said Mr. Wasserspring at Prudential-Bache.

To counter bogus practices and safeguard its own reputation, Prudential-Bache has investors sign a "strategic-metals suitability letter," which outlines trading risks. The company also strongly recommends that potential investors shop around and compare prices as well as metal marketability before putting any money down.

James Gourlay, director at Gourlay Wolff & Co., asserts that if his company sells metals to an investor, then the company will buy the metal back at the going price. "We will always make a market for somebody," he said, adding that investors should note whether a London-based broker is a member of the London Metals Exchange. "We realize it's no good somebody buying this material and finding out they can't sell it."

Other traders recommend that the potential investor take a good hard look at the market before getting involved. Because of long dormant periods between metal price fluctuations, experts contend that only the very rich can afford to play. "People should qualify themselves," said Mr. Posner. "These are markets only for someone who can afford to tie their money up — essentially, it's dead equity — and be able to cover the ongoing costs of insurance and storage."

To James Kneafsey, president of Cambridge Commodities Corp. in Cambridge, Massachusetts, that means someone whose net worth is around \$1 million and has an

A Strategic Metal Primer

RHODIUM The most expensive member of the platinum group. Its resistance to corrosion and tarnish are making its use more widespread in the optical equipment industry, but its main applications are in automotive products. Primary producers are the Soviet Union and South Africa.

CADMIUM A by-product of zinc processing. A highly toxic metal, efforts are being made to reduce its use in pigments and stabilizers. Canada and the United States have the biggest reserves.

COBALT As heat resistance, strength and magnetic properties make it a vital alloy in aerospace and electrical products. Primary reserves are in Zaire and Zambia. The Soviet Union is also a big producer.

MOLYBDENUM An important alloy that increases the strength, durability, and corrosion resistance of iron and steel for military and industrial uses. The United States is the largest producer.

VANADIUM Used as an alloy to increase the strength in iron and steel products. It is also combined with titanium-based alloys for jet engines and aircraft frames. South Africa and the Soviet Union are the biggest producers.

TITANIUM Because of its high strength-to-weight ratio, it is used in jet engines, airplanes and missiles. The Soviet Union is the largest producer.

GALLIUM A silvery white metal used chiefly by the electronics industry. Gallium compounds are used to produce light-emitting diodes for visual display panels in calculators, radios, televisions, clocks and instruments. Switzerland is the biggest producer.

extra \$50,000 to \$100,000 to buy significant amounts of metals and keep them for the long-term investment. "Unless a person has a

burning desire for or feeling that chromium, rhodium or iridium is going up, you don't buy it unless you've got excess capital," he says.

Nor do any major plays appear immediately on the horizon. Although rhodium, because of European emission-control plans, looks to be a good bet, Mr. Kneafsey warns against jumping too soon. "The drop from \$1,200 produced a technical damage," he says, meaning a disorderly correction, and rhodium could drop even further before climbing again.

Prudent metals traders refrain from predicting price trends. But one play some traders are touting is cadmium, a bluish-white soft metal used in rechargeable batteries as well as in coating and plating for other metals. The reason is not because of a surplus in lead and zinc, companies have cut back on their production — the mining of which also produces cadmium and could create a near-term shortage.

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Sw.Fr. Dep.	Sw.Fr. 5,070	4.03
N. American	£ 1,17	0.50
Japan	£ 1,39	0.60
Pacific Basin	£ 1,26	0.60
Int. Growth	£ 1,15	0.60
British	£ 1,23	2.00
Strategic Gilt	£ 1,07	10.50
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Swiss Rules Squeeze the Lakeside Scenery Market

Without some clout, foreign buyers face major complications

By David Tinnin

SUPERB scenery is Switzerland's most saleable commodity, and nowhere is it in greater demand than along the vineyard-lined shores of Lake Geneva. Freddy Heineken, the Dutch beer baron, owns a villa there. So does King Fahd of Saudi Arabia, Audrey Hepburn, the conductor Mstislav Rostropovich and a host of the world's rich and famous.

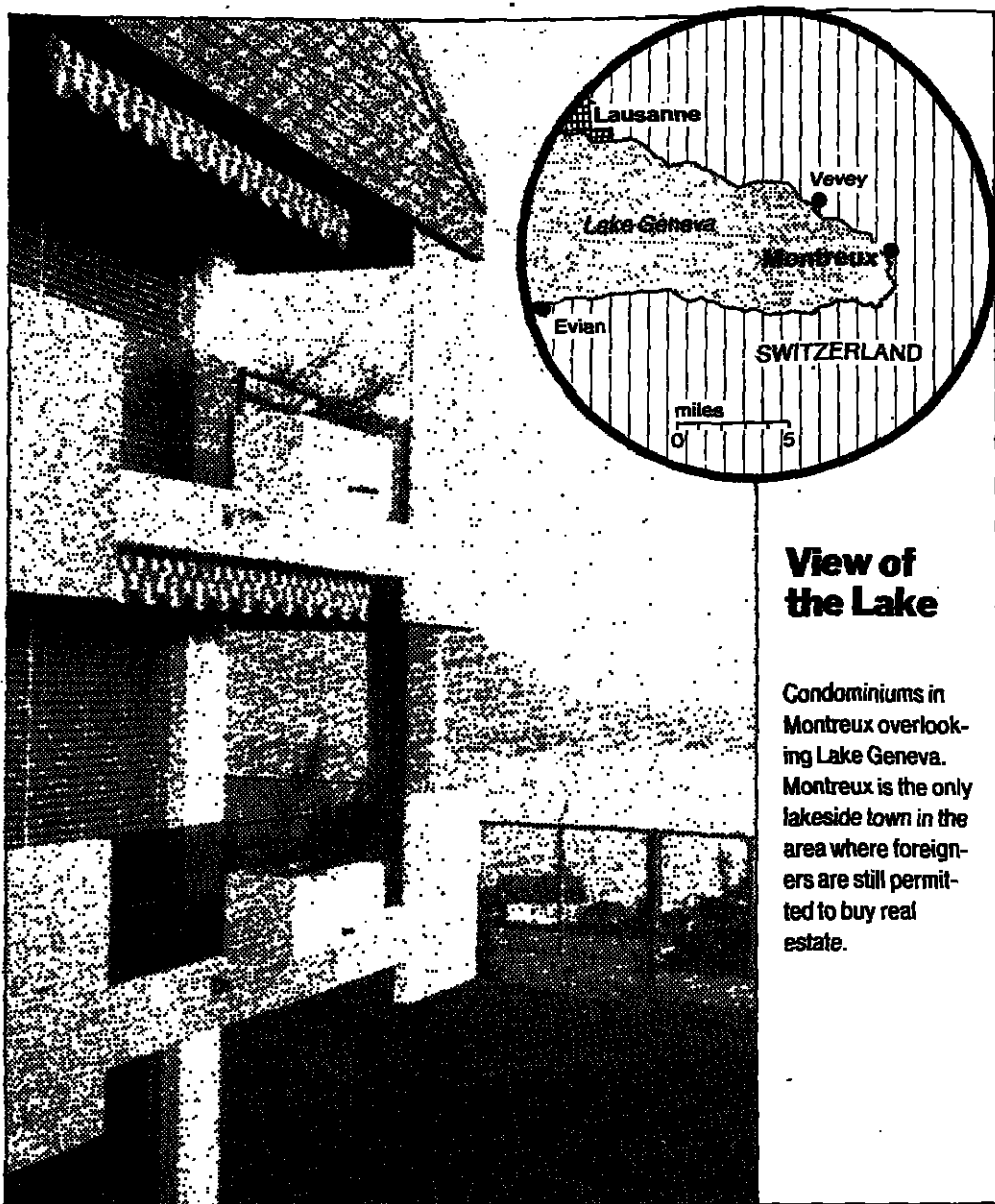
Yet for foreign real estate investors looking for lakeside property, Switzerland may not be the "golden island" that Swiss bankers describe. The problem is, so many non-Swiss have bought property along Lake Geneva that the Swiss themselves feel squeezed out. As a consequence, the federal government has enacted restrictive laws that are putting a tight squeeze on foreigners who want to enjoy the scenic panoramas, mild climate and well-policed tranquility of Switzerland's Riviera.

Lake Geneva with its international flavor remains the prime real estate attraction in Switzerland. Property appreciation rates average 6 percent to 8 percent a year compared with a Swiss inflation rate of about 3 percent. But under current regulations, most lakeside towns are closed to foreign purchasers. The total number of dwelling units to be sold to non-Swiss this year is limited to 200 in the lakeside Canton of Vaud, which includes such towns as Montreux, Lausanne, Morges, Nyon and Rolle.

Swiss officials, real estate agents contend, divide potential buyers into two categories: the rich and famous, whose presence brings wealth and prestige to Switzerland, and others, whose entry should be scrutinized and drastically limited in numbers.

For the potential buyers who are judged in Bern to belong to the desired category, the usual barriers to real estate ownership mysteriously disappear, agents say. Suddenly, an authorization materializes to buy this or that old chateau for a sum ranging from 3 million to 5 million Swiss francs (\$1.25 million to \$2.1 million).

Even then, Swiss real estate agents say, the buyer is well advised to spend a sizable amount of time and money in the country as evidence of his appreciation. While on visits to Geneva, one can see European billionaires regularly park his Rolls-Royce illegally so the tickets, duly recorded in police computers, will bear testimony to his presence in Switzerland.



View of the Lake

Condominiums in Montreux overlooking Lake Geneva. Montreux is the only lakeside town in the area where foreigners are still permitted to buy real estate.

For other would-be purchasers, the opportunities are limited and less glamorous. The Swiss government's aim, observers say, is to drive the newcomers into areas already heavily populated by foreigners. The only lakeside city still open to non-Swiss purchasers is Montreux, about 53 miles (85 kilometers) from Geneva at the lake's eastern end. One of

Switzerland's traditional tourist attractions, Montreux is a bustling convention center, host to the annual jazz festival and the classical September Musical, as well as home to dozens of finishing schools for girls and rejuvenation clinics for men. Since Montreux is wedged between the lake and the Alps, the level area suitable for construction is so

scarce that already the city is becoming overbuilt. Of the two most attractive new buildings currently offering apartments to foreigners, one is tightly placed between older, less attractive buildings, and the other is perched high upon the steep mountain-side, a location that offers a fantastic view but poses daunting transportation problems.

Purchase prices in Montreux rival those in Manhattan. For a three-bedroom apartment, the buyer must pay at least \$250,000 to \$350,000, depending upon the height of the floor and the view. An apartment with a lake vista commands a premium of 20 percent or so above one on a lower floor that looks out only on neighboring buildings. Moreover, foreigners may face fees for additional paperwork and services that could add 5 percent to 10 percent to the base price.

Those are not the only extra costs. The annual maintenance and bill-paying services provided by the building administrator amount to about 1 percent of the initial purchase cost. The apartment owner must also pay a small charge for fire insurance. More significantly, the foreigner is hit with less advantageous financing arrangements than his Swiss neighbor. While the Swiss may take out a first and second mortgage for up to 80 percent of the purchase price of a new dwelling at less than 6 percent interest, the foreign buyer usually can raise no more than 50 percent of the price on a single first mortgage and the rate is no less than 6.5 percent.

THERE are other financial disincentives. The foreign owner of a Swiss apartment cannot recover some expenditures by subtracting the property for long period. The Swiss police, who keep a discreet but watchful eye on new foreign buyers, tolerate at most only subleases of two or three months. Furthermore, for at least three weeks each year, the owner or his immediate family must live in the apartment.

Paradoxically, ownership of an apartment does not entitle the purchaser to a coveted Swiss residency permit. Like other tourists, the apartment owner may stay in the country for three months without a visa, but then must leave for at least a few days before re-entering.

Also, for the first five years after the purchase, the owner is forbidden from selling the property. After that, it can only be sold to a Swiss. Since real estate is plentiful and unrestricted for domestic buyers, a Swiss purchaser is unlikely to be willing to pay the higher price that a foreigner would need to recover his investment.

Despite the disincentives, purchase orders from foreigners continue to pour into Geneva and Lausanne real estate offices. Because of slack oil prices, Arab buyers, once the most active, for the moment have largely dropped out of the market. But their absence is offset by a surge of orders from Hong Kong. Real estate agents say Hong Kong residents are looking for a new haven after China takes over toward the end of the century.

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FUNDS

The Perils of Specializing

By Edith Cohen

AS investment dollars pour into mutual funds in the United States in record amounts, they are finding their way into what has become a popular product, the specialty fund. These are funds that seem to fly in the face of the conventional wisdom and appeal of mutual funds, namely, that a broadly diversified portfolio, managed by professionals, is the key to success.

Instead, the specialty funds focus on a particular industry, such as health care or utilities, and the investor essentially bets on being able to target an arena for dramatic growth. Although the possibilities for growth may be greater than in a fund diversified across many industries, by the same token, the chance of large fluctuations in net asset value make specialty funds decidedly not for everyone.

"The risk-averse investor should stay away," said Jeremy Duffield, vice president for product development at Vanguard Group of Investment Cos., which offers funds that specialize in energy, precious metals, health care, technology and service-oriented stocks. "They are for the more sophisticated investor."

While the specialty funds account for only a small percentage of the total amount invested in mutual funds, they are clearly capturing the imagination of investors. Although as a group their performance this year has been almost identical to the performance of equity funds in general, specialty funds have dominated the list of top performers.

Michael Hines, equity funds product manager for Fidelity Select Portfolios, says the specialty funds represent a "rapidly growing minority among all mutual funds," increasing about 10 percent in the past year. In the four years since Fidelity has been offering specialty funds, Mr. Hines says, well over 100,000 investors have put more than \$1 billion into those at Fidelity alone. In addition to the more popular sectors, Fidelity also offers funds that concentrate in defense and aerospace, leisure and financial services.

The appeal is easy to understand. "By targeting, by being focused, you get all the advantages an individual sector has. Sectors move irrespective of the market," Mr. Hines said, so there is always a sector with something to offer.

Investors tend to choose a specialty through one of three approaches: by choosing an area that is already on the move and that they feel will continue to move; by taking the contrarian view, going "bottom fishing" as Mr. Hines puts it, and choosing an area that is not currently doing well but that seems likely to move next; or by choosing an industry the investor understands well, perhaps one he works in, for example.

According to Mr. Hines, it is quite usual even for individual in-

Taking the Narrow View

Average performance of mutual funds grouped by specialty based on change in net asset value, including dividends, from the start of 1985 to July 25.

Specialty	Number of funds	Percent change
Health	5	+33.48
Natural resources	9	+14.89
Science and technology	22	+12.86
Utility	6	+15.40
Gold	16	+4.82

Source: Lipper Analytical Securities

vestors to cluster stock purchases around one industry or another. "We tend to see people liking a particular industry, and investors know that industry groups tend to move together," he said.

Given that orientation, Mr. Hines says the specialty funds offer broader diversification than an investor is likely to construct on his own. Moreover, the big fund groups, like Fidelity and Vanguard, allow investors to move in and out among their specialty funds, offering a great deal of mobility at low cost. At Vanguard an investor can move among its sector funds at any time, with no fee. At Fidelity, an investor can switch among the Select Portfolios four times a year at no cost. There is a \$50 fee for additional switches. "All the individual has to do," Mr. Hines said, "is pick the sector."

But that is one point at which specialty funds pick up critics. Glen King Parker, publisher of Mutual Fund Forecaster in Fort Lauderdale, Florida, says the essence of mutual funds is to provide the help of professional management in three basic decisions: market timing, industry concentration and specific stock. "The manager of the [specialty] group," he argued, "is abdicate the responsibility for one of those decisions back to the investor and saying, 'You have to decide on the industry.'"

On the other hand, Mr. Parker sees a decided advantage for fund managers. "From the point of view of the manager, the more specialty funds you have, the better chance you have of one of them being among the top 10 performers. The less diversified a fund is as to the number of industries represented or the number of stocks, the more likely it is to be an 'outlier' in performance," he said. If just one fund is a winner, he says, people will be drawn in the next year, and if one is a loser, "everyone tends to ignore it."

For example, in the first six months of 1985, Fidelity Select's health-care portfolio ranked as the health-care portfolio among mutual top performers, while its technology portfolio was fifth on the list of worst performers, off

3.51 percent, according to Lipper Analytical Services Inc.

Specialty funds also tend to be more volatile than broader mutual funds. In practice, according to A. Michael Lipper, president of Lipper Analytical Securities, "most specialty funds are born after there is good performance. But the period of superior performance for a sector doesn't last as long as a period of superior performance for more generalized funds." And Mr. Parker says that trusting to a specialty fund rather than to the management of a portfolio offered in a general mutual fund merely "assumes that what happened in the past will happen in the future."

A GOOD example of the volatility is First Investors Natural Resource Fund. It led Lipper's list of mutual fund winners in the first quarter with an increase in net asset value of 39.53 percent. In the second quarter, the fund was the second-ranked loser, down 15.7 percent.

With such caveats abounding, Mr. Duffield of Vanguard, acknowledged that "specialty funds aren't for everybody, but they meet the needs of the more aggressive investor who follows the market closely, finds an industry appealing and wants to get more diversified play in the future."

The key seems to be how closely an investor is able to watch such funds. Some like to use them when they sense that an industry is about to take off, Mr. Duffield said. "But not everyone is that attentive, and if you don't want to be attentive, you shouldn't be in them," he cautioned. Mr. Hines agrees. "It is not an investment to disregard," he said. "It calls for a watchful eye on the investor's part."

However sophisticated the investor, warns Mr. Lipper, "a specialty fund is not an investment program. It can be part of one, but the balance of other investment and the timing of when to use the specialty fund is the responsibility of the investor."

Mr. Hines agrees. "Ultimately, the decision is always up to the individual, who should always feel strongly about an investment."

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SOMETHING DIFFERENT

CHART TALK

Movie Deals Often a Shot In the Dark

By Leslie Whitaker

LONG ON glitter, short on gold. That is the reputation of movie limited partnerships, offerings that have tempted thousands of investors to gamble on Hollywood's ability to produce blockbusters. Structured much the same way as oil and gas limited partnerships that raise money for energy exploration, movie partnerships bank on hitting a box-office gusher and benefit from tax breaks in the interim.

But while these public offerings have managed to raise huge sums for movie studios and generate hefty commissions for brokerage firms, critics say that they offer little to the individual investor.

Despite the fact that only one in six Hollywood films is profitable, movie limited partnerships have become increasingly popular in the past several years. Delphi Film Associates, a division of Merrill Lynch, has raised almost \$180 million for Columbia Pictures Industries Inc. and Tri-Star Pictures Inc. through four offerings in three years.

This summer Walt Disney Studios hopes to raise \$200 million through its second public offering put together by Silver Screen Partners, a unit of E.F. Hutton. Investors, who can spend as little as \$5,000, will be party to profits from four children's movies, including "The Black Cauldron" and "Return to Oz," scheduled for release this summer, and 10 to 15 adult films that will be released next year.

"My view is that there are definitely better ways to make money," said Larry Scherzer, an entertainment-accounting analyst with Arthur Young & Co. He sums up the attractiveness to investors in one word: "Sizzle."

"We try to steer our clients clear of movie partnerships," said Barbara Russell, an analyst with Prudential-Bache. "The statistics show that the investor has not fared very well."

Movie partnerships typically lend money to one or two movie companies for use in the production of a slate of movies. Like the movie studios themselves, partnerships like to spread their risk over a number of productions. General partners, who manage the partnerships, say they keep a close eye on the budgets and production schedules of films that they have an interest in.

But prospects, and the potential rewards, vary widely among offerings. Some entitle investors to no more than 30 percent of the proceeds from domestic distribution, generally the most lucrative source of a film's income, and a much higher proportion of the smaller sums generated by, say, the sound track.

Many investors have benefited from substantial tax breaks, however, that are passed



Sylvester Stallone in 'Rambo.' It's a hit, but investors will have to wait.

through to the partners. U.S. investors in an offering in 1982 by Delphi, which included an interest in the smash hit "Tootsie," were able to take a federal income-tax deduction equivalent to about 72 percent of their investment that year. By May of this year, they had received cash distributions of almost 40 percent and tax credits totaling 7 percent of their original investment. Lewis Korman, Delphi's managing partner, feels certain that revenues will eventually exceed the partnership's original contribution.

Most brokerage firms contend that profits will show, but not until several years down the road, when all of the movies have been released and sold to profitable secondary markets, such as television and video cassettes. Exorbitant production costs are part of the reason. Sylvester Stallone's latest hit, "Rambo: First Blood Part II," which has generated more than \$140 million in receipts so far, cost \$30 million to produce. Investors in Delphi IV, which has an interest in the film, still cannot expect to see a profit for several years.

Another reason for the elusive nature of profits from movie partnerships is the high percentage that studios take off the top for distribution costs. High distribution deductions mean that a film must earn three times its production cost — a rare event — to benefit investors.

Movie buffs, who are well acquainted with box-office track records and think they can steer their money toward productions featuring successful actors or directors, may also want to think twice about movie partnerships. Investors are unable to choose a partnership based on its planned projects, because most are undisclosed at the time of the offering. And even if some of the films include big names, past success is rarely assurance of future profitability in Hollywood.

Although the tax exemptions offered by movie limited partnerships have yet to be challenged by the Internal Revenue Service, that real possibility presents an added risk. And now, numerous proposals in Congress for repealing the tax system place the tax breaks in further jeopardy.

Consequently, some offerings have been

structured with built-in guarantees for a return of the principal, thereby minimizing the importance of tax breaks. Silver Screen II, for instance, guarantees investors a 100-percent return at the end of 15 years. Because there is no risk to investors, the IRS will not accept tax deductions.

"I structured Silver Screen partnerships with guarantees because I do not feel that the movie industry is a tax-driven industry," said Roland Betts, president of Silver Screen. Mr. Betts declined to comment specifically on Silver Screen II because of Securities and Exchange Commission regulations barring him from discussing an offering that is still being sold.

EVEN partnerships that rely on tax deductions to entice investors have been restructured to include guarantees. Delphi IV, which raised \$40 million for Columbia and Tri-Star Pictures this summer, is designed so that investors' money is returned from unprofitable films before distribution costs are paid to the film company. Delphi's first three offerings deducted investments in unprofitable films from the earnings generated by the box-office hits. "We think the risk of loss is substantially reduced," said Delphi's Mr. Korman.

Ironically, the most profitable movie partnerships may be those devoid of glamour. Investors in Troma Co., an independent producer of low-budget, slightly raunchy comedies, are not courted with slick prospectuses that discuss the past hits of Hollywood stars. Troma's few private investors commit much larger sums than those accepted by public offerings. But, according to published reports, their return is substantial. "Squeeze Play," a film Troma made in 1982 for \$300,000, grossed \$1 million at the box office and returned a 50-percent profit to investors after 18 months.

"We don't have the high star salaries and production costs," explained Lloyd Kaufman, Troma co-founder, whose office is in a fourth-floor walk-up in midtown Manhattan. "And we can't offer our investors any big cocktail parties. When we've had some food, we've gotten it for free," he said.

A Shift of Strategies in July

FALLING interest rates and a growing money supply continued to spur New York markets in July, despite widespread concern about Congress's inability to pass a deficit-reducing budget. The Dow Jones Industrial Average hit a record at 1,359.54 on July 19, but closed the month at 1,347.45, only points above June's closing. Standard & Poor's Composite Index closed less than a point lower than in June at 190.92.

"I think we traveled a long way to get nowhere," said Hugh Johnson, president and head of investment strategy at First Albany Corp. He said most of last month's activity reflected investors shifting from interest-sensitive stocks, such as utilities, savings and loans, insurance and banks, to cyclical stocks, such as metals, consumer durables, some retail companies and basic industries.

Analysis says the change in strategy reflects the market's conviction that the U.S. economy will rebound in the second half. Last month's news that the gross national product rose only 1.7 percent in the second quarter, sharply lower than the previous government estimate of 3.1 percent, barely stirred the market.

Levi Strauss emerged as the New York Stock Exchange's top performer last month after accepting a buyout offer from its president, Robert Haas, and members of his family. They will purchase the 22 million shares they do not already own at \$50 a share.

Phelps Dodge was a close second. Aside from the market's faith in the company's recovery, Value Line analyst Tom Au said last month's interest was fueled by forecasts of a rise in copper prices next year. July's announcement of strong second-quarter earnings was behind the gains scored by toy manufacturer Tonka Corp.

Topping the list of worst performers was A.H. Robins. The pharmaceutical manufacturer continued to wrestle with settlements related to its Dalkon Shield contraceptive diaphragm. Last month a federal judge declined the company's request to consolidate punitive damage claims.

AMF Corp., a manufacturer of industrial equipment and leisure products, saw heavy selling in response to the terms of its takeover by Irwin L. Jacobs of Minstar Inc. Mr. Jacobs, who gained control of the company by purchasing 12.5 million shares at \$24 a share, offered 10-percent subordinated debentures for the remaining shares. Analysis said investors preferred to sell their shares for cash. Applied Data Research saw its stock price slide after it reported a second-quarter loss of \$3.1 million.

The American Stock Exchange index finished the month at 233.92, up slightly from last month's 230.89. Leading the exchange was Martin Processing, a

manufacturer of carpet and upholstery dyes, which announced second-quarter earnings that were much higher than last year's.

In London, the market "generally wanted to fall" in response to the pound's strengthening against the dollar, said Mark Williams, an analyst at Vickers de Costa. Although sterling's gains gave the government wider room to maneuver interest rates lower, most analysts were concerned about its adverse impact on the export earnings of big British concerns.

Nevertheless, the market moved higher, helped in part by takeover rumors. The Financial Times All-Share Index ended the month at 606.45, up 10.91 points over June's close after dipping to a low of 591.23 in mid-July.

TI Group, one of Britain's biggest engineering concerns, showed the steepest gain after reports that a group led by Evered had made a bid for the company. Bowater Industries gained on news that Hanson Trust had built up a 7-percent stake. Allied Irish rose on rumors

that it was planning to sell its stake in First Maryland Bancorp. in the United States.

In Tokyo, the Nikkei-Dow average closed at 12,232.27, down 649.82 points from a month earlier. Financial stocks and those related to the government's investment and loan program experienced heavy selling prompted by concern that their prices, rising since April, were too high. Concern about U.S. trade proposals aimed at Japan continued to weigh on the market.

OIL & MONEY IN THE EIGHTIES.

AN INTERNATIONAL HERALD TRIBUNE OIL DAILY CONFERENCE

LONDON, OCTOBER 24-25, 1985.

"Surviving in a competitive environment," will be the theme of the sixth International Herald Tribune/Oil Daily Conference on "Oil and Money in the Eighties." The program, designed for senior executives in energy and related fields, will address the key issues affecting the current energy situation and assess future trends and strategies. H.E. Professor Dr. Subroto, Minister of Mines and Energy, Indonesia and President of the OPEC conference, and John S. Herrington, U.S. Energy Secretary, will head a distinguished group of speakers from Europe, the Middle East, Latin America and the United States.

OCTOBER 24

KEYNOTE ADDRESS:

—Professor Dr. Subroto, Minister of Mines and Energy, Indonesia

COMPETITION FOR MARKET SHARE

—Moderator: Herman Franssen, Chief Economist, International Energy Agency, Paris.
—H.P. Kaplinger, Chairman and Chief Executive Officer, The Kaplinger Companies, Houston.
—Alfio Parra, Managing Director, Petroleos de Venezuela (U.K.) SA, London.
—Douglas Wade, Senior Energy Analyst, Shell International Petroleum Company Ltd., London.

THE IMPLICATIONS OF OPEC PRODUCT IMPORTS AND DOWNSTREAM STRATEGIES ON THE OIL MARKETS

—Nader H. Sultan, President, Kuwait Petroleum International Ltd., London.

HOW TWO MAJOR OIL COMPANIES ARE SURVIVING IN A COMPETITIVE ENVIRONMENT

—Allen E. Murray, President, Mobil Corporation, New York.

—Arve Johnsen, President, Statoil, Stavanger.

PRODUCERS AND REFINERS STRATEGIES IN AN ERA OF GROWING COMPETITION

—John R. Hall, Chairman and Chief Executive Officer, Ashland Oil Incorporated, Ashland, Kentucky.

—Eja Malmivirta, General Manager, Neste Oy, Helsinki.

—Nichola Mangelli, Assistant to the Executive Vice President, Enle Nazionale Idrocarburi, Rome.

—Saul O. Qunadrah, Manager, Supply Coordination, Petromin Participation, Dhahran.

OCTOBER 25

NEW OUTLOOKS FOR UNITED STATES' ENERGY POLICY

—The Honorable John S. Herrington, United States' Energy Secretary.

NORTH SEA OIL: SEED-CORN OF TOMORROW'S PROSPERITY

—John Moore, M.P., Financial Secretary to the Treasury, United Kingdom.

THE EFFECT OF FLUCTUATING OIL PRICES ON THE BANKING SYSTEMS, SHARE VALUES, INSTITUTIONAL INVESTORS AND WORLD BANK LOANS

—Robert B. Weaver, Senior Vice President and Global Petroleum Executive, The Chase Manhattan Bank, N.A., N.Y.

—Peter Gignoux, Senior Vice President, Shearson Lehman Brothers Ltd., London.

—Robert L. Franklin, Founder and President, Lawrence Energy Associates Incorporated, Boston.

—Ian M. Hume, Assistant Director, Energy Department, The World Bank, Washington, D.C.

MEGAMERGER TRENDS AND THE FUTURE OF THE OIL INDUSTRY

—Robert F. Greenhill, Managing Director, Morgan Stanley & Co. Incorporated, New York.

NON-CONVENTIONAL OIL SALES

—Nicholas G. Youte, Oil Consultant, London, The Hague.

—Charles L. Daly, Managing Director, L.M. Fischel & Co. Ltd., London.

—Dieter Kempermann, Managing Director, Union Rheinische Braunkohlen Kraftstoff A.G.

—Rosemary MacFadden, President, N.Y. Mercantile Exchange.

CLOSING PANEL DISCUSSION OF CURRENT ENERGY ISSUES

—Paul H. Frankel, President, Petroleum Economics Ltd.

CONFERENCE LOCATION:

Royal Garden Hotel, Kensington High Street, LONDON W8 4PT. Telephone: (441) 937 8000. Telex: 263151. A block of rooms has been reserved for conference participants. Please contact hotel directly.

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Please enroll the following participant for the oil conference. ☐ Check enclosed. ☐ Please invoice.

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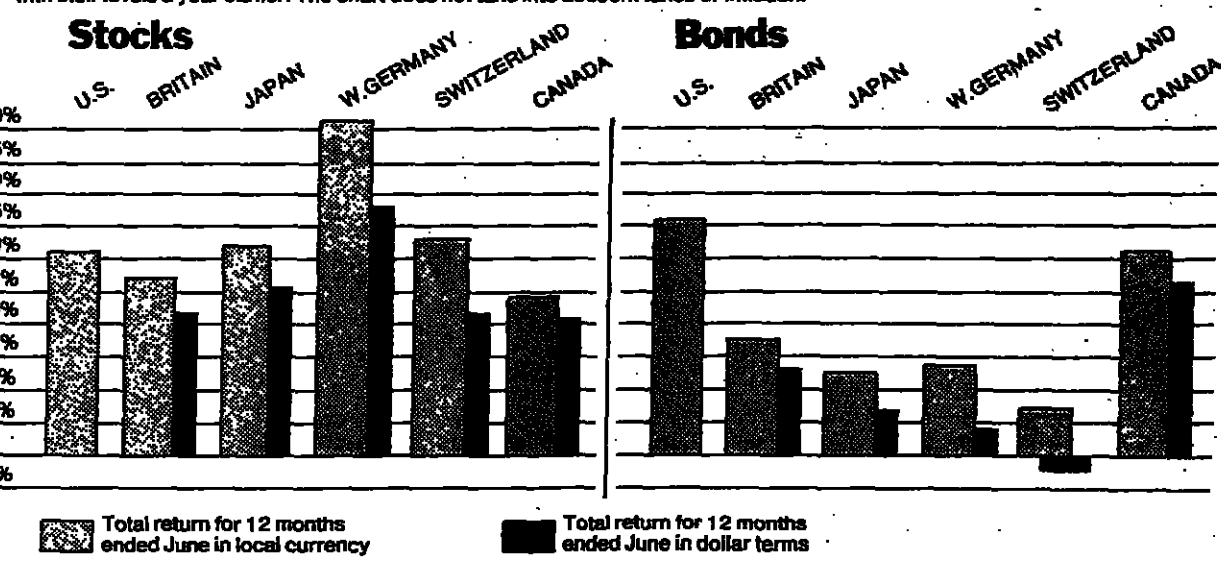
The participation fee is \$250 or the equivalent in a convertible currency for each participant. Fees are payable in advance and will be returned in full for any cancellation that is postmarked on or before October 9.

Please return registration form to: International Herald Tribune, Conference Office, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Or telephone: (33 1) 747 16 86 or telex: 613 595.

Pan Am is the official carrier for the conference.

Total Return for 12 Months

Total return measures both the changes in the prices of securities and the income they provide, either in dividends or interest. Gains and losses were measured by comparing market indexes with their levels a year earlier. The chart does not take into account taxes or inflation.



As the Dollar Sags, the Appeal of ECU Grows

(Continued from Page 7)
Italian lira and French franc, on which high interest rates are paid, pulls up the yields on ECU investments.

Adding to the ECU's appeal is the dramatic increase in the number of new bond issues in the composite currency. In 1981, two years after the EC ministers agreed to create the ECU as a unit of account for official business, there were only five issues totaling the equivalent of \$208 million. In 1984, the number of new issues shot up to 60, totaling \$2.47 billion.

So far in 1985, the ECU is running a close second to the Deutsche mark as the most important currency for new Eurobond issues after the dollar. Besides government issuers, such industrial giants as Chrysler, Philips and Fiat have raised funds in ECUs, along with more glamorous names such as Walt Disney and Club Méditerranée. The EC has even floated an ECU bond in the U.S. domestic market.

The international role of the ECU seems set to expand further. In April, EC finance ministers agreed to allow central banks in non-EC countries to use the ECU as a reserve currency. There are

ECU Mix

Units of national currency per ECU

Deutsche mark	2.2384
British pound	0.5553
French franc	6.8640
Dutch guilder	2.5221
Danish krone	6.1286
Italian lira	1,520.6000
Belgian franc	44.8320
Greek drachma	100.7190
Irish punt	0.7246

also discussions about setting up a supranational clearing office for international ECU transactions in collaboration with the Bank for International Settlements in Basel, Switzerland.

Despite this rise to legitimacy, some individual investors still shy away from a currency that exists only in the realm of computerized bookkeeping.

"It's difficult psychologically," acknowledged Emad Zikry of Chase Manhattan's private banking group in New York, which has recommended ECU bonds. "Some

investors don't even regard it as a currency at all."

Some of the anxiety can be traced to worries about realignments in the European Monetary System, which links all the ECU component currencies except the British pound. Under the system, EC governments are committed to taking steps to keep their currencies' values within agreed upon ranges. But when pressures in the foreign-exchange markets build, such as they did last month, member governments can be forced to change the relationships among their currencies. The July 20 realignment resulted in a devaluation of the Italian lira.

Despite the occasional realignment, the European Monetary System has meant that the ECU has remained fairly stable against most European currencies. Though that is far less true for the ECU-dollar relationship, bankers generally dismiss the impact of realignments as long as the dollar continues to move downward slowly, without a crash.

In last month's realignment, they note, the 8-percent devaluation of the lira was achieved by reducing the Italian currency's value by 6 percent within the EMS and raising the value of other currencies by 2 percent. The result: The ECU lost less than one half of one percent against the dollar.

In addition, Mr. Kirps argues that the number of ECU currencies that could be categorized as weak has declined, giving it more stability.

Looking ahead, Michael Brett, currency specialist at the London brokerage De Zoete & Bevan, foresees "lots of weekend meetings and gnashing of teeth, but it's only glitz. There will be small problems when the Spanish and Portuguese currencies join the ECU, but their weightings will only be minor."

Investors who venture into the ECU bond market will find that "the system is geared to large private investors," according to Mr. Brett.

Most issues are denominated in units of 1,000 ECUs, which mean a cost of about \$700 to \$800 per bond. Though the Belgian denier of Eurobond loans often invests in small amounts, it is usually "commission-inefficient" to purchase fewer than \$15,000 of bonds, says one dealer.

The market is dominated by banks in Belgium, Luxembourg and Switzerland.

MONDAY, AUGUST 12, 1985

EUROBONDS

Market Was Ho-Hum Over Speculation on U.S. Rates

By CARL GEWIRTZ
International Herald Tribune

PARIS — The prospect of a renewed decline in U.S. interest rates, normally a powerful incentive for investors to buy dollar-denominated Eurobonds, failed to excite such a rate decline could have on pushing up bond prices was overshadowed by fears that it also would send the dollar's value skidding on foreign-exchange markets.

Although analysts remain divided about the outlook for the U.S. economy and the drift of interest rates, expert opinion appears to be shifting in favor of a further rate cut to get the sputtering economy moving again.

This was the opinion of Henry Kaufman, chief economist at Salomon Brothers. "With the economy not yet showing any signs of a third-quarter rebound," he said, "the Federal Reserve will most probably continue its policy of providing a substantial volume of reserves to the banking system and an eventual easier monetary stance cannot be entirely ruled out."

He said Friday that, "the scattered data now available for July are probably disappointing to the Fed. Declines in auto sales together with reports from retailers suggest that consumers are retrenching after a first-half spending spree."

"Reinforcing prospects for slower growth are expectations of only small gains in industrial production and personal income for July," Mr. Kaufman continued. "Also, the retarding influence of the foreign trade sector continues to siphon demand overseas."

This view may help explain why last week's record \$21.75-billion refinancing by the U.S. Treasury produced lower rates on its offerings of three-, 10- and 30-year paper than had generally been expected. The securities were sold at yields of 9.81, 10.6 and 10.66 percent, respectively, the lowest since mid-1983. This sparked a late week rally in New York bond prices, but produced little echo in the Eurobond market.

What demand there was for dollar securities from foreign investors — primarily in Japan — continued to go into the Treasury market, whose enormous liquidity assures them that their holdings can readily be sold with the least adverse impact on prices.

While investment bankers expressed conflicting views about how much demand there was for Eurodollar bonds, the fact was that three straight issues for U.S. borrowers were floated last week. In the previous two weeks, no U.S. issuers had tapped the market because the terms available here were unfavorable compared with New York.

LAST week, both Citicorp and a double-A-rated unit of United Technologies saved an estimated 10 basis points, or 0.1 percent, by issuing here. Placement obviously was not easy as UT's \$100-million of 10% percent, 10-year bonds ended the week trading 2 1/2 points below the offering price of 99 1/2, or just outside the 2-percent commission paid to underwriters. The third was a three-part offering by Connecticut Mutual Life Insurance Co. of mortgage-backed securities having a face value of \$343.7 million.

The best received of the new dollar offerings was one that will only be officially launched this week — \$300 million of bonds convertible into shares of Rockefeller Center Properties. The magic of the name has enabled managers to preplace 80 percent of the paper, lead manager Goldman Sachs reported.

In all, \$1.1 billion will be raised, including \$600 million of common stock to be marketed in the United States. The sale will leave the Rockefeller Centers personally holding only 40 percent of the 12-building complex that sits in the heart of New York City.

The bond offering consists of two parts: \$730 million (face value) of zero-coupon bonds which will be sold at a deep discount of 22 1/2 percent of the nominal value, raising \$165 million in cash, and \$355 million of bonds bearing an 8-percent coupon for the first nine years and 13 percent for the final six.

The terms have been based on the assumption that rental income rises 6 percent a year over the 15.25-year life of the issues. The implied increase in the value of the shares would produce a total return of 11 1/4 percent for holders of the zero bonds and 12 1/4 percent for holders of the coupon issue. If the inflation rate is faster, say 8 percent a year, holders of the zeroes could expect a return of 13.43 percent versus 13.27 percent on the others.

The zero-issue's greater sensitivity to the inflation rate also

(Continued on Page 13, Col. 5)

Bi-Invest Resists Takeover

Seeks to Overturn Montedison Stake

Reuters

MILAN — Bi-Invest SpA, the Italian finance group, has started legal proceedings in an effort to overturn a takeover by Montedison SpA, the country's largest chemicals concern.

A writ served on Friday by lawyers acting on behalf of Carlo Bonomi, chairman of Bi-Invest, asked a Milan court to declare invalid the acquisition last month by Montedison of 37 percent of Bi-Invest's share capital.

The writ asked that Montedison be instructed to sell its Bi-Invest shares and be prevented from buying any more of the company's stock.

On July 8, Montedison confirmed press reports that it had wrested control of Bi-Invest away from the Bonomi family of Milan in what observers called one of the most spectacular raids in the history of the Milan bourse. Montedison had retained its anonymity during the takeover, acquiring the shares through a subsidiary.

Stock analysts estimated that the chemicals group had paid 250 billion lire, about \$133 million at current exchange rates, for the shares. The action drew strong criticism from Italy's industrial establishment on grounds that Montedison was indirectly buying into one of its own shareholders.

At the time of the takeover, Bi-Invest owned a big stake in Gemina SpA, an investment company that is the single largest shareholder in Montedison, with a 17.1-percent interest.

Bi-Invest said on Friday that it was reducing its stake in Gemina to 2.3 percent from 17.2 percent by selling 14.9 percent of Gemina's capital to existing shareholders in a transaction valued at around 100 billion lire.

A daily newspaper in Milan, *Il Sole 24 Ore*, reported Saturday that the move appeared to indicate Mr. Bonomi was preparing a counterattack on Montedison by raising cash to buy back Bi-Invest shares.

But it was not clear whether Mr. Bonomi wanted to win back full control of his company, the newspaper said. The Bonomis are believed to hold around 30 percent of Bi-Invest's stock.

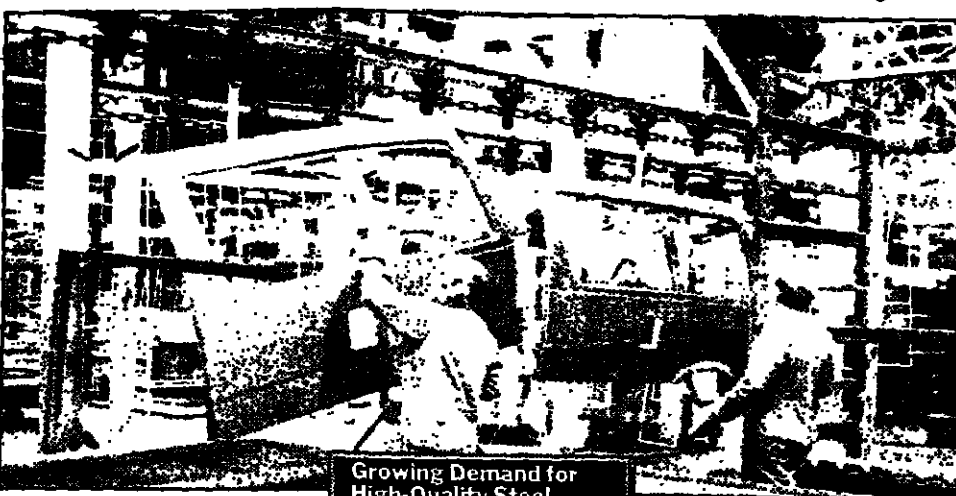
Indesit Calls for Receiver
Shareholders of Indesit SpA, the Italian appliance manufacturer, have voted to put the company in receivership after failing to find a foreign buyer. Reuters reported Saturday from Turin.

Indesit said it had suffered mounting first-half losses after losing 106 billion lire in 1984.

In Italy, companies can petition a court to appoint officials to run their affairs for up to two years, during which time debts and liabilities are frozen while efforts are made to restructure the business.

Indesit said last month that it was hoping for a rescue by Bosch-Siemens AG. But the West German company later said it was not interested in acquiring a stake in the company.

Burnishing the U.S. Steel Industry



Changes Follow Pressure From Automakers

By Jeffrey A. Leib
New York Times Service

CHICAGO — Three years ago, Ford Motor Co. was rejecting and returning nearly 9 percent of the steel it purchased from suppliers because of surface defects or faulty chemistry. Now, the rate has been reduced to less than 2 percent.

Similarly, Ford has forced its suppliers to reduce delinquent deliveries of steel to less than 3 percent today, from 20 percent in August 1983.

On a crash program to close the "quality gap" with their foreign counterparts, particularly the Japanese, Ford and other domestic automobile manufacturers have been pressuring U.S. steel manufacturers to improve their performance.

And while most industry experts contend that steel producers have still not attained the production quality of their Japanese counterparts, the steel makers have been making significant changes in their businesses, ranging from improvements in quality and delivery times to the industry's growing adoption of a type of steel that will help make cars more rustproof.

"The steel companies have taken very significant steps at reducing the quality differential," said Robert B. Costello, executive director of purchasing



activities for General Motors Corp.

Still, National Steel Corp. estimates that Japanese producers have a 15-percent advantage in quality, measured by rejection rates of finished products over U.S. steelmakers. A company spokesman said that the Japanese also have a 12-percent advantage in yield, the percentage of finished product that is obtained from raw steel.

"In the past, U.S. steelmakers felt it didn't cost anything to throw rejected product back in the furnace," said John D. Debbink, vice president in charge of material management at GM.

Despite the new cooperative approach between the two industries, and the automakers' longstanding loyalty to domestic steel producers — GM and Ford each buy more than 95 percent of their steel from United States

Workers at Ford's Chicago Heights stamping plant lift panels off a press. The panels, made from electrogalvanized sheet steel, will be used on a new minivan.

suppliers — the alliance between the auto and steel giants is an uneven one. While the automakers have been flush with profits, many steelmakers have been steeped in red ink.

The demands of the auto companies put additional pressures on the nation's steelmakers at a time when they already are battered by high levels of imports and low prices. Moreover, at the same time that the auto companies have sought improved performance, they also have been seeking to cut the prices they pay for steel.

Industry observers estimated that GM extracted price reductions of up to 3 percent from its steel suppliers for the current model year, which began Aug. 1. The automobile giant purchased 6.5 million tons, or about 9 percent of the domestic steel industry's shipments last year.

Steel pricing has become "cut-throat," said Peter L. Anker, a metals analyst with First Boston Corp. "The steel companies are fighting very hard for tonnage. They're under enormous pressure to lay off excess supply."

The car companies represent steelmakers' biggest customers — automakers, including parts

(Continued on Page 13, Col. 4)

China Threatens Retaliation Over U.S. Textile Bill

Compiled by Our Staff From Dispatches

BEIJING — The leader of a U.S. congressional trade delegation said Sunday that China has made clear it would retaliate by cutting off trade in other areas if a bill to restrict textile imports becomes law in the United States.

"They let us know in no uncertain terms... they would have to cut off other trade with us," Representative Sam M. Gibbons, a Democrat of Florida, said after three days of talks in Beijing.

Mr. Gibbons said Chinese delegates did not say what U.S. goods would be affected by a possible retaliatory action. "High-technology goods are not likely to be affected," he said. "But they could cut off access to our goods."

At stake in the growing dispute is more than \$6 billion in annual U.S.-China trade, six years after the two countries normalized relations. According to U.S. figures, China exported \$1.29 billion worth of textiles and garments to the United States in 1984, making it China's largest customer for these goods.

Mr. Gibbons, chairman of the trade subcommittee of the House Ways and Means Committee, said that one solution his nine-member delegation had proposed was diversification into other products.

He said that China's productive capacity and inexpensive labor should be tapped for other exports, rather than flooding the U.S. marketplace with low-cost fabric and apparel.

The delegation was split on the proposed Textile and Apparel Trade Enforcement Act of 1985, which would protect the U.S. industry by slashing textile imports into the United States. China's imports would be cut by 55 to 58 percent under the bill, due for action this fall, Mr. Gibbons said.

Mr. Gibbons and Representative Bill Frenzel, a Republican of Minnesota, said that they opposed the measure.

"There's a good chance it won't pass," Mr. Frenzel said, noting that the Reagan administration opposes the bill. But Representative Carroll A.

Campbell Jr., a Republican whose district in South Carolina is heavily dependent on the textile industry, supports the proposal.

He said that 13 to 14 percent of the United States' \$150-billion foreign trade deficit is due to imported textiles.

"Each billion dollars accounts for 25,000 U.S. jobs," Mr. Campbell said. "China is a small part of the problem," he added, acknowledging that the bill probably would do more damage to Hong Kong, Taiwan and South Korea.

China has said that the proposal would cost it more than \$500 million a year, one-sixth of its exports to the United States. Textiles comprise 35 percent of China's world-wide exports.

China "has very determinedly let us know in writing and in talk that this would be a very serious matter," Mr. Gibbons said, "and they would have to retaliate in some form."

He reported "some progress" in talks with Vice Premier Tian Jiyun, Wei Yumin the vice minister for foreign economic relations and trade, and members of China's National People's Congress, but declined to give details. (AP, Reuters)

Earlier Warning Printed

The warning issued to the congressional group was not the first issued by China on the U.S. proposal. The Washington Post reported from Beijing.

The July 22 Beijing Review said in the official issue that the proposed legislation has "sparked a crisis in Sino-U.S. trade relations." The commentary, written by the magazine's economics editor, said that the bill would violate the Chinese-U.S. Textile Agreement and Multi-Fiber Arrangement.

"China's textile industry produces its most important export products," the commentary said. "As such, the impact on China's economy and its foreign exchange earnings resulting from a sharp drop would inevitably have a negative impact on China's importations from the United States."

Spain Pursues Austerity Programs Despite Pressure to Change

By Edward Schumacher
New York Times Service

MADRID — Despite growing discontent within the ruling Socialist Party, Spain's new economic managers appear intent on maintaining the government's austerity program and introducing free market measures.

An unemployment rate of around 20 percent — Europe's highest — and the fact that elections are scheduled for next summer have fueled calls from labor to encourage more traditional Socialist economic policies.

But Carlos Solchaga, who was named minister of the economy last month in an unexpected cabinet shakeup, is not deviating from the policies of his predecessor, Miguel Boyer. In defining his goals after

taking office, Mr. Solchaga made it clear that he wants to reduce the size of the budget, hold down inflation and shrink state industry while encouraging more investment by foreign companies.

The policies are part of Spain's effort over the past two years to modernize and streamline its flabby economy before its scheduled entry into the European Community in January.

"You cannot squander the efforts of two years," Mr. Solchaga said recently. "It wouldn't be politically or economically profitable, not even from an electoral point of view."

Prime Minister Felipe González, influenced by the failure of conventional socialism under President François Mitterrand in neighbor-

ing France, has given his economic team full backing to carry out what Spaniards call "socialist pragmatism." It includes a large dose of liberalism in the 19th-century, free-market sense of the word, and is largely defined by Mr. González when he says he wants both social benefits and policies that work.

"I am a Socialist, but I am not a fool," he is fond of saying.

Spain's halcyon days, when its economy grew at a rate second only to Japan, ended a decade ago, and the results of pragmatism since Mr. González took office in October 1982 have been mixed.

On the positive side, inflation and the federal deficit have fallen the past three years. According to the government's

National Institute of Statistics, inflation dropped to 9 percent at the end of last year, from 14 percent when Mr. González took office.

Mr. Solchaga believes inflation will come in below 8 percent for the year, and that the deficit figure will fall another half point.

Spain's international accounts have also undergone a dramatic turnaround during the same period. Exports jumped last year by 17 percent and nearly doubled to the United States, yielding a current-account trade surplus of \$2 billion, according to the government.

But on the negative side, Mr. González has been unable to produce the 800,000 new jobs he promised upon taking office. In fact, almost that many have been lost. The economy has been growing

at only around 2 percent, according to the Bank of Spain, and most of the growth has come from increased exports. Internal Spanish demand has been weak, with businessmen complaining about high labor costs and low productivity and expressing more skepticism about the Socialists.

Still, there are positive signs. In recent months, there have been jumps in housing starts and machinery orders. And more job openings are beginning to appear.

But they may not be enough to prevent economic growth from ending up slightly lower this year than last because exports have slowed, Mr. Solchaga said, as a result of changes in the U.S. and European economies.

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Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Last Wk.	Prev. Wk.	Ch'ge
DJ Indus.	1,220.90	1,253.05	-2.40 %
DJ 30	1,220.90	1,253.05	-2.40 %
S&P 500	182.45	182.20	+0.13 %
Nikkei 225	10,917	11,025	-0.97 %

Money Rates

United States	Last Wk.	Prev. Wk.	Ch'ge
Discount rate	7 1/2 %	7 1/2 %	0 %
Federal funds rate	7 1/2 %	7 1/2 %	0 %
Prime rate	9 1/2 %	9 1/2 %	0 %

West Germany

United States	Last Wk.	Prev. Wk.	Ch'ge
3-month T-bill	4.80	4.80	0 %
6-month T-bill	4.80	4.80	0 %
1-year T-bill	4.80	4.80	0 %

Japan

United States	Last Wk.	Prev. Wk.	Ch'ge
3-month T-bill	4.80	4.80	0 %
6-month T-bill	4.80	4.80	0 %
1-year T-bill	4.80	4.80	0 %

Other Dollar Values

Currency	Per U.S.	Per U.S.	Per U.S.
British pound	1.6475	1.6459	+0.04 %
French franc	6.55	6.55	0 %
Italian lira	2,036	2,036	0 %

Currency Rates

Cross Rates	Aug. 9	Aug. 12	Ch'ge
Australian dollar	0.71	0.71	0 %
Canadian dollar	0.71	0.71	0 %
Swiss franc	1.48	1.48	0 %

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Italian lira	2,036	2,036	0 %

Grand Met To Buy U.S. Health Firm

ACI Refinancing Coal-Mine Loan to Cut Costs

By Carl Gewirtz
International Herald Tribune

PARIS — Following the lead of the major sovereign borrowers, companies that previously raised money on the international credit market through syndicated bank loans are now turning to the short-term money market to refinance their obligations at lower cost.

The move, announced Friday, fits in with Grand Met's strategy of reducing dependence on its slower-growing businesses, such as tobacco and dairy products, and expanding in consumer services and products.

Grand Met has agreed to buy a 40-percent stake in Pearl from G.D. Searle & Co., the pharmaceutical company that Monsanto Co. recently agreed to acquire. To increase the stake to 53 percent, Grand Met is to acquire authorized but unissued shares from Pearl. Grand Met plans a tender offer for the remaining shares.

Pearl, based in Dallas, has more than 1,270 outlets in the Americas and Europe. It reported pretax profit of \$42.1 million last year.

Early this year, Grand Met completed the acquisition for about \$124 million of Quality Care Inc., which is based in Rockville Center, New York, and operates home nursing services. In 1983, Grand Met paid about \$30 million for Children's World Inc., an operator of child-care centers.

In 1981, it bought Intercontinental Hotels from Pan American World Airways for \$300 million.

This year, Grand Met agreed to sell its milk business in northern England to Northern Foods PLC for \$51 million (\$70 million) and its U.S. based Pinkerton Tobacco Co. unit to Svenska Tobaks AB for \$137.8 million. Grand Met also has been trying to sell its U.S. cigarette unit, Liggett & Myers Tobacco Co.

ranging in maturity from one month to one year, should trade as if they were a direct issue of LTCB, creating a cost of funds well below Libor. Against that low cost, ACI will pay LTCB an undisclosed fee for providing the letter of credit and the syndicate of banks a 4-percent annual facility fee.

If the notes cannot be sold underwriters are obliged to take the paper at a margin of 4-point over Libor. All these charges considered, managers of the transaction said that ACI "will end up miles ahead" compared with what it would have been paying under the original syndicated loan.

Another major Australian company, Comalco Ltd., is consolidating and refinancing \$480 million of debt. The bulk, \$300 million, is to be financed through the sale of Eurobonds or commercial paper in New York. Comalco is paying underwriters an annual fee of 1/4-percent and banks are obliged to take unsold notes at a price set at 15 basis points over Libor. The charge rises in relation to how much paper the banks take with an additional fee of 1/4 basis points if the full amount is put to underwriters.

Later this year, Comalco will market \$180 million of floating rate notes on the international capital market. The Australian Industry Development Corp. will directly back \$30 million of this and commercial banks will be asked to provide a guarantee for the remaining \$150 million.

Boral Ltd., an Australian-based building materials group, is planning to tap the market for up to \$200 million. Banks are being asked to underwrite \$100 million and the rest will be marketed on an uncommitted "best-efforts" basis.

On the underwritten portion, banks will earn an annual fee of 1/4-percent and are obliged to take unsold notes at a maximum cost of 15 basis points over Libor.

Italy's Montedison SpA is in the market seeking financing for a three-year facility of \$100 million. The chemical group will be able to raise the money through the sale of Eurobonds, short-term advances from banks, bankers' acceptances in dollars or pounds, or drawings on a revolving credit.

The terms offered to underwriters are regarded as very tight — an annual facility fee of 6.25 basis points, or 1/16 percent, plus charges ranging from 7.5 to 30 basis points over Libor, depending on how much is drawn from the banks. Interest on the notes will be a maximum of Libor.

Fisons PLC, the British pharmaceutical and chemical company, is expected to tap the market for \$100 million through the sale of short-term Eurobonds. This will not be an underwritten transaction, but will be on a best-efforts basis by two placing agents — Morgan Guaranty Trust Co. and Credit Suisse First Boston.

Dealer-placed paper rather than the use of large tender panels of banks submitting competitive bids is gaining favor as the most efficient mechanism to market short-term notes for high quality borrowers. Bankers say that experience has shown that paper intended to be placed with banks is best distributed through tender panels while paper aimed at non-bank investors can be sold at better terms to the borrower through a small group of dealers.

De Beers Firm Obtains Rights to Zaire Diamonds

Reuters

KINSHASA, Zaire — Zaire has signed a new contract with De Beers Consolidated Mines Ltd., giving it exclusive purchasing rights over the country's diamond production for the next two years, the official news agency AZAP said Sunday.

The contract replaces a 1983 agreement which expired in March and guaranteed Zaire \$8.55 a carat.

Sources close to Société Minière de Bakwanga, which exploits most of Zaire's diamond deposits, said that the company had settled for a lower price of \$7.90 after rejecting Brikmond's initial offer of \$7.80.

AZAP quoted a Société Minière official as saying he was satisfied with the agreement because Brikmond usually paid on delivery.

Zaire's 1984 production of 6.8 million carats is expected to rise to seven million this year, industry sources said.

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SELECTED U.S./F.T.C. QUOTATIONS

	BID	ASK
Apollo Comp.	18 1/2	18 3/4
Mr. Gaskett	9 1/2	9 3/4
Bitter Corp.	3 1/2	3 3/4
Modular	8 1/2	8 3/4
Rodime	9 1/2	9 3/4

WITH COMPLIMENTS OF CONTINENTAL AMERICAN

Prices may vary according to market conditions and other factors.

(Continued from Page 6)

				Yield								Yield			
				Price											
				Mkt											
				Rate											
				Cur											

DM STRAIGHT BONDS

AUSTRALIA

[illegible][illegible][illegible][illegible]

Amst	Security	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330	340	350	360	370	380	390	400	410	420	430	440	450	460	470	480	490	500	510	520	530	540	550	560	570	580	590	600	610	620	630	640	650	660	670	680	690	700	710	720	730	740	750	760	770	780	790	800	810	820	830	840	850	860	870	880	890	900	910	920	930	940	950	960	970	980	990	1000
Amst	Security	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330	340	350	360	370	380	390	400	410	420	430	440	450	460	470	480	490	500	510	520	530	540	550	560	570	580	590	600	610	620	630	640	650	660	670	680	690	700	710	720	730	740	750	760	770	780	790	800	810	820	830	840	850	860	870	880	890	900	910	920	930	940	950	960	970	980	990	1000
Amst	Security	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330	340	350	360	370	380	390	400	410	420	430	440	450	460	470	480	490	500	510	520	530	540	550	560	570	580	590	600	610	620	630	640	650	660	670	680	690	700	710	720	730	740	750	760	770	780	790	800	810	820	830	840	850	860	870	880	890	900	910	920	930	940	950	960	970	980	990	1000
Amst	Security	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330	340	350	360	370	380	390	400	410	420	430	440	450	460	470	480	490	500	510	520	530	540	550	560	570	580	590	600	610	620	630	640	650	660	670	680	690	700	710	720	730	740	750	760	770	780	790	800	810	820	830	840	850	860	870	880	890	900	910	920	930	940	950	960	970	980	990	1000
Amst	Security	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330	340	350	360	370	380	390	400	410	420	430	440	450	460	470	480	490	500	510	520	530	540	550	560	570	580	590	600	610	620	630	640	650	660	670	680	690	700	710	720	730																											

American Exchange Options

Figures as of close of trading Friday.

[illegible]

CONVERTIBLE BONDS

[illegible]

- HIGHEST CURRENT YIELDS -
convertibles having a conversion premium
of less than 10%.

[illegible]

Explanation of Symbols

CNS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Longshore Freight
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
MMD	Moldavian Leu		

The Daily Source for International Investors.



Plans to Urg Flexibility on the West Trade

Soviet Union Intensifies Its Campaign Against NATO Missile Program

٥٥٠/٤٧٧

New Eurobond Issues

Compiled by Laurence Desvillettes from information supplied by European bond traders.

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end-week	Terms
FLOATING RATE NOTES						
Crédit Foncier	\$350	1997	Libor	100.05	101.00	Coupon pegged to the higher of 1-month Libor or 6-month Libor, set monthly. Callable at 100.05 in 1986. Fees 0.10%.
Abbey National Building Society	£ 35	1986	1/16	100	99.85	Over 3-month Libor. Floating rate certificates of deposit. Denominations £50,000.
Belgium	DM 500	1997	1/16	100	99.92	Over 6-month Libor. Callable at par in 1990. Fees 0.02%.
FIXED-COUPON						
Clifcorp	\$200	1988	10	100%	99.38	Noncallable.
CM Int'l	\$79.85	1990	10%	100	98.88	Noncallable. Sinking fund to produce a 3.2-yr average life.
CM Int'l	\$147.95	1995	11	99%	98.00	Callable at 102 in 1992. Sinking fund to produce an 8.5-yr average life.
CM Int'l	\$115.9	2000	zero	18.80	18.05	Yield 11.79%. Proceeds \$21.8 million. Noncallable.
IBM Japan	\$100	1992	10%	100%	99.38	Noncallable.
Kawasaki Steel	\$ 50	1995	10%	101%	—	Noncallable.
Mitsubishi	\$100	1995	10%	101	99.50	Noncallable.
Sumitomo Metal	\$100	1990	10%	101%	99.88	Noncallable.
Toyo Engineering	\$ 50	1990	10%	101%	—	Noncallable.
United Technologies Finance Services	\$100	1995	10%	99%	97.38	Callable at 101 in 1992.
EB	DM 200	1997	6%	99	99.25	Callable at 101% in 1994.
Sterling Transferable	£ 309.25	—	zero	—	—	Composed of 27 issues maturing from Sept. 30 1985 to Sept. 30 1998, priced from 98.50 to 26%, yielding from 11.05% to 10.55%, with a face value of \$7.75 million, and of a 26th issue, principal repayment or "coupon", maturing in 1998, priced at 26% to yield 10.55%, with a face value of \$100 million. Corpus bond ended the week of '87. Secured by British Treasury's 1986 of 1998.
Mitsui Finance Asia	ECU 32	1995	8%	100	97.88	Callable at 102 in 1991. Sinking fund to produce an 8-yr average life.
CIBC	CS 75	1990	10%	100%	98.63	Noncallable.
Australian Telecommunications	Aus\$ 60	1992	13	100%	97.75	Noncallable.
Borlands Australia	Aus\$ 50	1990	12%	100%	—	Noncallable.
Bergen Bank	NZ\$ 50	1988	16%	100%	97.38	Noncallable.
Dart & Kraft	NZ\$ 60	1988	16%	100%	—	Noncallable.
American Express Credit	¥ 25,000	1995	8	100%	99.25	Noncallable. Redeemable in U.S. dollars at 208 yen per dollar, for a total of \$120.2 million.
Crédit National	¥ 20,000	1995	8	101%	99.25	Noncallable. Redeemable in U.S. dollars at 208 yen per dollar, for a total of \$120.2 million.
Denmark	¥ 20,000	1997	7%	100	98.25	Noncallable. Redeemable in U.S. dollars at 191.72 yen per dollar, for a total of \$104.32 million.
IBM Credit	¥ 25,000	1995	8	101%	99.63	Callable at par and at 209 yen per dollar in 1993. Redeemable in U.S. dollars at 208 yen per dollar, for a total of \$120.2 million.
Dansk Olie & Naturgas	DK 300	1992	10	100%	100.13	Callable at 102 in 1990.
EQUITY-LINKED						
Aica Kogyo	\$ 20	1990	7%	100	—	Noncallable. Each \$5,000 bond with one warrant exercisable into shares of 742 yen per share and of 239.55 yen per dollar.
Comcast	\$ 50	2000	7	100	—	Redeemable at 118% in 1990 to yield 9.99%. Convertible at \$23% per share, a 28.19% premium.
Rockefeller Center Properties	\$335	2000	open	100	99.25	Coupon indicated at 8% until 1994 and then at 13%. Noncallable. Convertible at maturity into company's shares of \$11.82 per share. Also exchangeable against a 7-yr FRN to be issued in 2000 which will pay between 1/4 and 1 point over Libor. Terms to be set early Sept.
Rockefeller Center Properties	\$730	2000	zero	22.58	22.08	Yield 10.6%. Proceeds \$1.65 million. Noncallable. Convertible at maturity into company's shares of \$21.71 per share. Also exchangeable against a 7-yr FRN to be issued in 2000 which will pay between 1/4 and 1 point over Libor. Terms to be set early Sept.

Bond Prices Rise as Slow Growth Seen

New York Times Service
NEW YORK — U.S. bond prices continued their advance last week on forecasts of slower economic growth.

Traders were relieved that the Treasury's \$21.75-billion refinancing had ended Thursday, and they shifted their attention back to the economy.

Over the past week there has been a shift in psychology away from the view that the economy is going to rebound strongly over the second half of the year, said David M. Jones, economist at Aubrey G. Lanston & Co.

During the week, department stores and automobile manufacturers reported weak sales in July. Edward H. Boss Jr., vice president at Continental Illinois National Bank & Trust Co. of Chicago, said the sales reports helped ease fears in the marketplace that the Federal Reserve would tighten credit if the economy rebounded strongly.

In the secondary market Friday, the Treasury's new 10%-percent bonds due in 2015 were offered at 100 6/32 to yield 10.60 percent. That compared with a price of 99 22/32 on Thursday, when the bonds were sold at auction with an average yield of 10.66 percent. Short-term rates were unchanged.

Henry Kaufman, chief economist at Salomon Brothers Inc., said Friday that since there are no signs yet of a third-quarter economic rebound, the Federal Reserve probably will continue to provide a substantial volume of reserves to the banking system "and an eventual easier monetary stance cannot be ruled out entirely."

U.S. Consumer Rates For Week Ended Aug. 9

Postbank Savings	5.50 %
Tax Exempt Bonds	9.02 %
Money Market Funds	7.30 %
Bank Money Market Accounts	6.90 %
Home Mortgages	12.58 %

Detroit Pushes U.S. Steelmakers to Polish Their Performance

(Continued from Page 11)
suppliers, consume an estimated 30 percent of the steel industry's annual shipments — and so the steel producers are scrambling to meet their demands.

"We've heard the message from Detroit," said Duane R. Dunham, Bethlehem Steel Corp.'s manager of marketing. He noted that in the past two years, Bethlehem has re-

duced the rejection rate on shipments to Ford to less than 0.5 percent from about 3 percent.

Of course, the new effort to improve steel quality and meet schedules is not enough to make the auto companies competitive with Japan, but they view it as a step toward that goal.

"It's for our own survival and the survival of our suppliers," said Mr.

Costello of GM. "The question is how fast can we become competitive."

To spur the improvement — and lessen the pain — the auto companies are rewarding the steel companies with bigger and longer contracts as well as other concessions.

One of the biggest concessions has been the move from so-called multiple sourcing to sole or dual

sourcing in purchasing steel products. Now, 60 percent of Ford's steel requirements are met by single suppliers and another 10 percent by no more than two suppliers, according to Paul R. O'Hara, director of metals, petroleum and materials purchasing for the company.

That is a clear break, he noted, from not too long ago when Ford would look to as many as six com-

EUROPEAN COMMUNITY

U.S. Trade Representative Praised After Steel Pact Negotiated

By Steven J. Dryden
International Herald Tribune

BRUSSELS — Not surprisingly, Clayton K. Yeutter, the new U.S. trade representative, has won high marks from EC officials following the successful conclusion last week of negotiations on limiting certain steel exports to the United States.

Despite a 25-percent cutback in EC exports for the rest of the year, the agreement allowed the community to claim that it was allowed the potential sales that could boost the 1985 amount past the 1984 export total of 632,000 tons.

But U.S. sources said that according to information from buyers in the United States, the EC's total sales this year probably will equal only a little more than 90 percent of the 1984 amount.

Nevertheless, one community official said of the agreement: "I didn't think a new man could do this." Mr. Yeutter, the official added, obviously has "some clout" and "can speak for himself."

But the official added that he was not sure that the U.S. steel industry would accept the agree-

ment. "I think he has stuck his neck out," he said of Mr. Yeutter.

The community blamed the steel industry for the U.S. rejection of the first agreement negotiated last fall on steel pipes and tube exports.

Speculation Resumes On Delors' Future Plans

Almost from the time he took office as president of the European Commission in January, Jacques Delors has been pursued by rumors that he will quit before the end of his four-year term and return to political life in France.

Delors-watchers were quick to jump on comments he made in May, when he told the West German magazine Stern that if the member states did not take action on his proposals to improve Europe's technological cooperation, he would have nothing more to do "in the position I now occupy."

After these remarks were published, his spokesman spent several days fending off reporters who wanted to know if Mr. Delors was threatening to resign.

The latest rumors about Mr. De-

lors' plans came in an article this summer in the West German magazine Der Spiegel, in which its Brussels correspondent speculated that Mr. Delors might return to Paris to serve as prime minister under President François Mitterrand if the composition of the cabinet is changed after the next national assembly elections.

Asked recently about the article, Mr. Delors made light of the question with a reference to the criticism he suffered as finance minister while implementing an austerity program for Mr. Mitterrand.

He said that the French "are not at all convinced" that he should return to politics there. "At least the politicians aren't," he said.

EC Receives Credentials From New U.S. Envoy

J. William Middendorf, the new U.S. ambassador to the community, presented his credentials to Mr. Delors on Aug. 1. The post had been vacant since March when the former ambassador, George Vest, left to become director-general of the Foreign Service in Washington.

Mr. Middendorf, 60, was until his present appointment, the U.S. permanent representative to the Organization of American States.

Earlier, he served as ambassador to The Netherlands and Secretary of the Navy.

Saudi Arabia is Said To Consider 20%-Tariff

Saudi Arabia has been making threatening noises about the community's tariffs on Saudi petrochemical products.

Last week, the English-language Saudi Gazette quoted an unnamed official of the Gulf Cooperation Council as saying that Saudi Arabia might impose retaliatory tariffs of 20 percent on EC goods.

The council includes Saudi Arabia, Bahrain, Oman, Qatar, the United Arab Emirates and Kuwait.

Saudi Basic Industries Corp., a state holding company, said the threat to EC industry from Saudi exports had been exaggerated.

The community last month imposed a tariff of 13.4 percent on Saudi polyethylene products.

Market Indifferent to U.S. Interest Rate Prospects

(Continued from Page 11)

means that holders of the coupon bonds have more protection if inflation is slower than the assumed 6 percent.

The split coupon is designed to provide an average annual income over the 15.25-year life of the issue of 9 1/4 percent. The implied annual return on the zero is 10 1/4 percent. The zero-issue, of course, produces no annual income for holders as the 10 1/4 percent is derived from the fact that holders are to pay only \$22.58 for paper that will be worth \$100 at maturity.

On Dec. 31, 2000, the zero bonds can be converted into common stock at a price of \$21.71 per share (or a real cost of \$4.90 considering the original 22 1/2-percent payment for the bonds). The coupon bonds are convertible at a price of \$11.82 per share, a 41-percent discount from the anticipated \$20 price to be set on the initial share offering set for next month.

If, in the year 2000, New York real-estate values have collapsed and bondholders deem it unattractive to buy the shares, the bonds can be exchanged for seven-year floating-rate notes. That coupon will be set in a range of 1/4- to 1 percent above the London interbank offered rate. The exact level will be set in 2000, aimed at assuring that the paper trades at par so that holders who want to cash in can get the full dollar value of their paper.

The emergence of Japan as banker to the world — thanks to the massive accumulation of cash deriving from ever-increasing trade surpluses — was fully reflected in the Eurobond market last week. Nine issues totaling about \$778 million were marketed for sale to Japanese investors.

Five issues — IBM Japan, Kawasaki Steel, Mitsubishi Corp., Sumitomo Metal Industries and Toyo Engineering — were denominated

in dollars. Because the issuers are Japanese, institutional investors there can buy the paper without it being included in their restricted volume of foreign currency assets.

As a result, the issues carried aggressively low terms which would have no appeal outside Japan.

Mitsubishi, for example, raised \$100 million for 10 years at an annual cost of 10.33 percent compared with the U.S. Treasury's semi-annual cost of 10.6 percent.

A further four issues, totaling 90 billion yen, were marketed as dual currency bonds. The issuers were not Japanese — American Express, Credit National, Denmark and IBM Credit — who plan to swap the low-cost yen into low-cost dollars.

The issues all are to be redeemed in dollars at a rate of exchange fixed from the outset — 191.72 yen per dollar for Denmark in 12 years and 208 yen in 10 years for all the others. Annual coupon payments

of 7 1/2 percent for Denmark and 8 percent for the others, to be made in yen, represent a savings of more than 3 percentage points over what they would have to pay for a dollar issue.

Nevertheless, in yen terms — compared with coupon levels prevailing in Japan — these are very attractive yields to Japanese investors. The fixed exchange rate is the least attractive part of the package to investors who would have to hedge that exposure.

Bankers warn that non-Japanese investors looking to speculate on a rise in the value of the yen should not be seduced by the high yen coupon. Bankers say these investors would do much better to buy lower-yielding yen or Euroyen bonds (whose principal is repayable in yen) than these hybrid instruments because the fixed exchange rate severely restricts the potential gains to be made once the yen starts appreciating.

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BANK OF NEW ZEALAND
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LLOYDS BANK INTERNATIONAL LIMITED

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June 1985

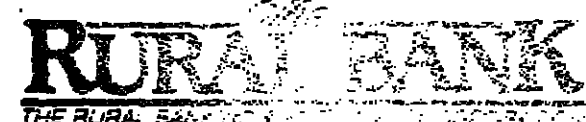
N.Z. \$ 40,000,000 THE RURAL BANKING AND FINANCE CORPORATION OF NEW ZEALAND

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NEDERLANDSE CREDIETBANK N.V.
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comprising

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U.S. \$ 5,000,000 Series F Notes Due 1988
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Unconditionally guaranteed by

NEDERLANDSE SCHEEPSHYPOTHEEKBANK N.V.

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RABOBANK NEDERLAND
NEDERLANDSE MOEDSTANDSBANK NV
BANK DER BONDSPAARBANKEN N.V.

BANQUE NORDEUROPE S.A.
DG BANK DEUTSCHE GENOSSENSCHAFTSBANK
A/S JYSKE BANK
FENNOSCANDIA Ltd.

NASDAQ National Market

Consolidated trading for week ended Friday.

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INFORMATION
211-38 79 50

VIP FINANCE - BROKER - GEM

Last Week's AMEX

[illegible]

AMEX Diaries

Advanced	254	304
Declined	254	463
Unchanged	147	146
Total Issues	915	909
New Highs	27	25
New Lows	37	23

AMEX Sales	
Sales Vol.	
Total for week	26,309,000
Week ago	27,165,000
Year ago	50,725,000
Jan 1 to date	1,524,430,000
1984 to date	943,170,000
AMERICAN BONDS ■	10,590,000

Last Week's NYSE

[illegible]

NYSE Diaries

advanced	616	882
declined	1872	1716
unchanged	240	248
total issues	2228	2246
new highs	84	157
New Lows	34	22

NYSE Sales	
Sales Vol.	
total for week	446,750,000
week ago	531,740,000
year ago	754,460,000
five years ago	377,240,000
one year ago	1,641,009,451
one year ago	1,441,720,000
one year ago	1,245,480,000
one year ago	1,245,480,000

مکتبہ اہل اسلام

Figures as of close of trading Friday.

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Figures as of close of trading Friday

[illegible]

Consolidated trading for week ended Friday.

Sanko Trading Suspended Again

Agence France-Presse

TOKYO — Trading in Sankō Company's stock, which operates one of the world's largest fleets of oil tankers, was suspended Friday on the Tokyo Stock Exchange for the second time in two days, business sources said.

Trading was halted Thursday amid press reports that Sankō's three main creditor banks had decided to stop lending money to the troubled company. But exchange officials agreed to resume trading Friday after meeting with Sankō's officials. Share prices plunged Friday to 42 yen (17 cents) from 70 yen, triggering the second suspension.

Daiwa Bank's director general Sumio Abehara, said Friday that his bank was "reticent" about giving Sankō new loans. The shipping company owes 94 billion yen to Daiwa Bank, 78 billion yen to Long-Term Credit Bank of Japan and 60 billion yen to Tokai Bank. Sankō's liabilities were 1.1 trillion yen at the end of July and assets were 422.2 billion yen at the end of March.

Plan B	10.53	11.50	Option	1
Income	4.79	5.21	SearTx	1
Stock	7.84	8.57	Tax Adv	1

[illegible]

Income	12.76	13.95	Kaufman	1.11	NL	Fairfax	9.42	10.30	Curtis	14.01	14.89	Discv	10.29	NL	NYVen	1.71	9.42
IntSec	5.22	5.70	Kemper Funds:			NotTele	12.33	13.48	ColTx	14.18	14.89	HIYid	10.46	NL	RPF Bd	7.71	9.42
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Agence France-Presse
TOKYO — Trading in San

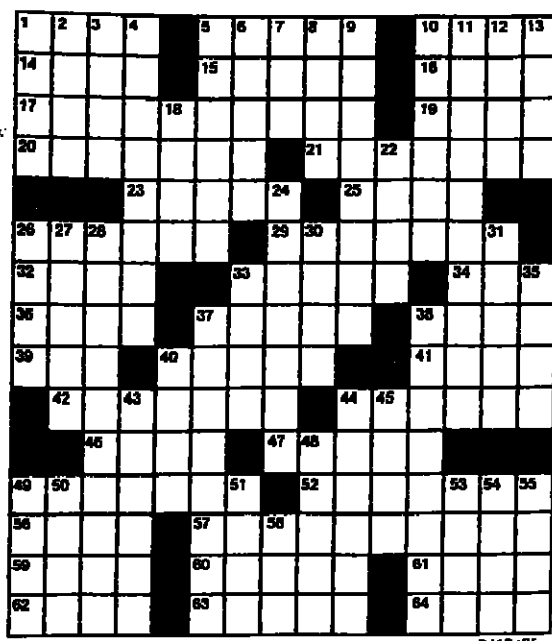
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ACROSS

1 A Roosevelt
5 Passover feast
10 Start of a C.
14 Egyptian sun
15 Jibe
16 Part of a scale
17 Plantation
18 Pt. of a monogram
20 Where Castro got started
21 James Bond
23 Frail; weak
25 (McKinley epithet)
26 Vehicle displayed in New Orleans
28 Sights in New York, R.I.
32 Custer's last major
33 TV network leader
34 An O'Neill
36 Opposite of apertures
37 Is solicitous
38 Fox
39 Lux neighbor
40 Hunter's hide
41 His lies caused worldwide

DOWN

1 City in Maine
2 Cupid
3 Meat dish for Marcel
4 Forward
5 Wes, the former bird
6 Robbed birds' nests
7 Bachelor hero
8 Poetic times
9 Postponements
10 Ribbed cloth for dresses
11 Deep-sea mollusk
12 Moslem lord
13 Locale
14 He's sui generis
22 V. (8/8/45)
24 Had cravings
25 Kind of race
27 His catches are slippery
28 Instruments for Buddy Rich
29 Pung or huge
31 Agamemnon's action at Troy
33 This may stab or shoot
35 Nudge
37 Millions of a cent
38 Surged; swelled
40 Cal's cry
43 Sevastopol is here
44 Extolled
45 In addition
46 Old fort timber
49 Barometer's forerunner
50 Of an epoch
51 Rational
52 Fuss
54 African republic
55 Stettin's stream
58 Austral. state

DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

VEFER

SNABI

TEACKS

BELTOG

Print answer here: _____

Friday's Jumbles: YOUNG IDIOT DREDGE VANDAL

Answer: A beauty salon is a place where this might happen—THE LIVING GO TO "DYE."

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer (tomorrow): _____

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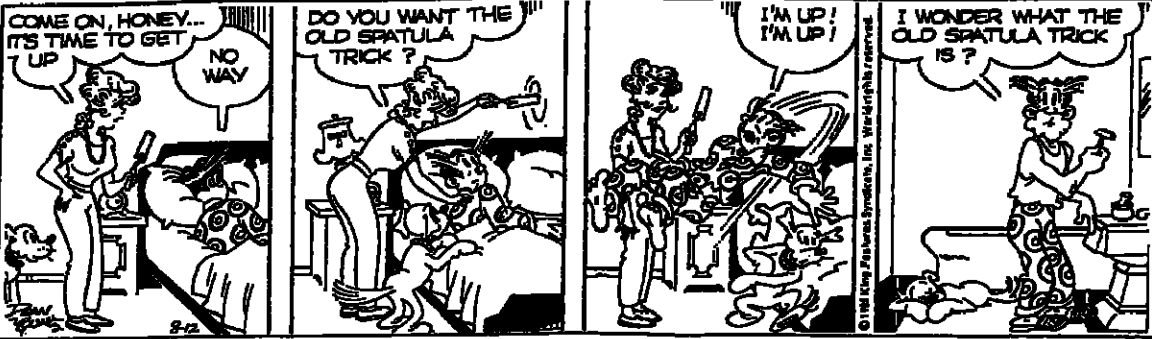
Friday's Jumbles: YOUNG IDIOT DREDGE VANDAL

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PEANUTS



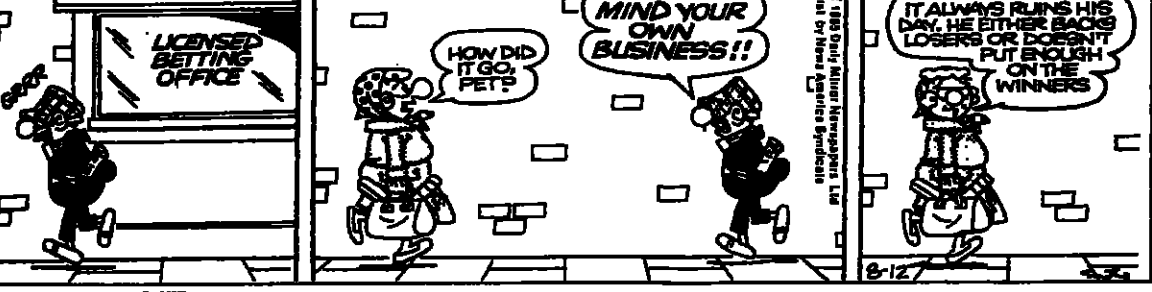
BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



SPORTS BRIEFS

Gross Lowers 200 Butterfly World Record

SOFIA (AP) — West German swimmer Michael Gross, rewarded with the first sunny day of the European swimming championships, broke his own world record Saturday in the 200-meter butterfly.

Gross was timed in 1 minute and 56.65 seconds, eclipsing the 1:57.01 he set June 29 at the national championships in Remscheid.

His fifth victory at Sofia made the 28-year-old Olympic champion the most successful European swimmer in history. In all, he has won 10 first-place medals at the European championships.

"The external conditions were finally O.K.," said Gross, referring to the cold rain and wind that had battered swimmers through much of the outdoor meet since it opened the previous weekend.

While Gross has been the individual star, the East Germans continued to make an impressive team showing.

Kathleen Nord took gold in the women's 200-meter medley, Astrid Strauss won the 800-meter freestyle and the 400-meter medley relay team won its event.

Nord was clocked in 2:16.07 and Strauss's 8:32.45 was the best time for the 800 this year.

Record-setter Michael Gross

Russian Reportedly Sets High Jump Mark

DONETSK, Soviet Union (UPI) — Rudolf Povarnitsin, 23, set a world record of 2.40 meters (7 feet, 10 1/2 inches) in the men's high jump Sunday at the Soviet Union Cup national meet, the news agency Tass reported.

Povarnitsin's jump was one centimeter higher than the record of 2.39 meters set by Zhu Jianhua of China in Eberstadt, West Germany, on June 10, 1984.

Povarnitsin's previous best had been 2.36 meters, good for third place at a Moscow meet earlier this season, Tass said.

Marauder Ties Pace Mark, Beats Nihilator

MEADOW LANDS, Pennsylvania (AP) — Champion pacer Nihilator was beaten Saturday for only the second time when Marauder tied a world record for a five-eighths-mile track in an elimination heat of the Adios Pace.

Marauder then easily won the runoff when Nihilator, who last year became the fastest 2-year-old in harness racing, was scratched. In the first heat, when he handed Nihilator his second loss in 24 starts, Marauder was timed in 1:52.2/5, tying the record set by Its Fritz in 1983.

Nihilator won the second heat in 1:52.4/5, but a track spokesman said "he was not prepared to go for a third heat."

Camacho Wins WBC's Lightweight Crown

By Michael Katz
New York Times Service

LAS VEGAS — The smart guys, the ones who took the 2-1 odds, maybe now they will believe Hector (Macho) Camacho, who obviously knew what he was bragging about.

In a performance as dazzling as his sequined attire, Camacho, 23, overcame José Luis Ramirez, 26, a sturdy veteran, over 12 one-sided rounds here Saturday night to win the World Boxing Council lightweight championship. And the first thing Camacho said at the news conference after winning his second world title was: "I see a lot of people lost money."

There were a lot of disbelievers here among the big bettors, and

they lowered the price on the underdog Camacho to 8-5, believing the tough champion from Mexico, who was 91-4 with 74 knockouts, would finally shut the big mouth from Harlem. It was not close.

From his ring entrance, it was Camacho's show. He wore a hooded sequined robe designed as the Puerto Rican flag over a rainbow-colored, short-sleeved sequined robe, which covered rainbow-colored sequined trunks, which matched his sequined shoes.

Camacho's early speed had Ramirez mesmerized in a matchup of contrasting left-handers. Camacho was simply too fast and too much of a boxer for the one-dimensional, straight-ahead champ. He decked

Ramirez with a crisp left hand in the third round, bloodied his nose and may even have broken it later in that round and never let the hard-punching Mexican get close.

He danced along a tightrope of danger, dodging Ramirez's heavy fists and doing everything short of juggling six bananas at once. He moved for 12 rounds, perhaps finally putting an end to the belief that Camacho's life in the fast lane has destroyed his body.

Camacho jabbed, landed combinations, "dizzied" (his word) Ramirez several times inside the knockdown, and rarely was hit in return. If Ramirez had him momentarily trapped on the ropes, Camacho either slipped away slick-

ly or tied him up. It was a masterpiece of boxing, perhaps the finest demonstration of ring skills since Sugar Ray Leonard retired.

And all the while, his opponent still was dangerous. Ramirez, who has been fighting professionally since he was 14, impressively kept moving forward, looking for the one punch that would either stop or at least slow Camacho.

"Let me tell you, that guy hit me with a body shot and it hurt," said Camacho. "And he hit me once on the side of the head, that hurt. But like I told you, I never got hit with the same punch twice."

The 134-pound Camacho, now 27-0, thus won the second of what he said would be three and possibly four world titles. He had held the WBC junior lightweight title, abandoning it when he could no longer make the 130-pound limit.

Judge Harry Gibbs of England scored the bout 118-111. Norton Campos of Brazil had it 119-112 and Mike Jacobs of England 119-109 for the New Yorker.

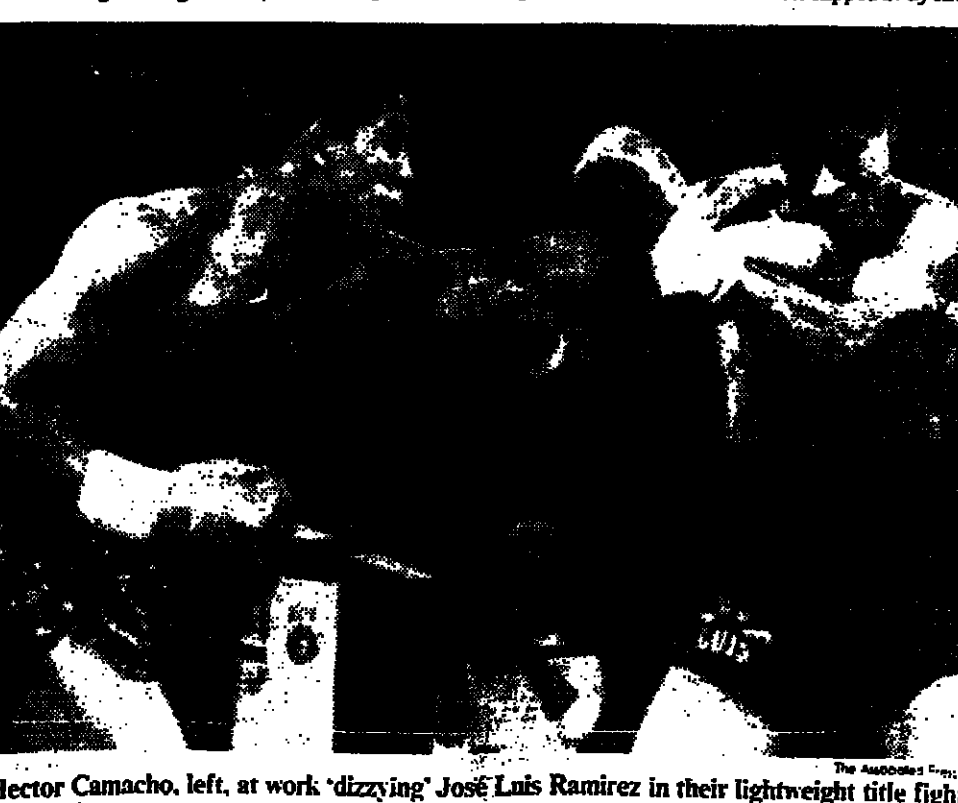
The only blemishes on Camacho's performance were the constant warnings for holding and hitting — a favorite maneuver — and for low blows.

"I don't know about that one," said Camacho of referee Mike Lane. "He tried to get in the picture. I said, 'Come on, brother, this is my show.'"

■ Lora Takes Bantam Title
Miguel Lora of Colombia won the WBC bantamweight title from Daniel Zaragoza of Mexico on Friday night, flooring the champion three times on the way to a unanimous 12-round decision. The Associated Press reported from Mexico.

Lora (12-0) sent Zaragoza (22-2) to the canvas in the fourth round with a sweeping right. Two minutes left in the fifth set up a right-hand knockdown, and a left that round Lora connected with a

left as the two came out of the



Hector Camacho, left, at work 'dizzying' José Luis Ramirez in their lightweight title fight.

BOOKS

THE NEW KGB:
Engine of Soviet Power

By William R. Corson and Robert T. Crowley.
560 pages. \$19.95.
William Morrow, 105 Madison Avenue,
New York, N.Y. 10016.

Reviewed by David Wise

VIGNETTE No. 1: On a recent trip to the Soviet Union, I dined with Victor Louis, the most famous reputed agent of the KGB. Louis, who says he is a journalist, is an engaging and articulate man. Westernized in manner, and he spent the time at dinner in spirited defense of the Soviet system. At the end of the evening, he climbed into a gleaming silver Bentley and drove off into the night.

Vignette No. 2: A few years ago, I dropped off my car (not a Bentley, not gleaming) to be serviced at a garage in my neighborhood. Another customer offered me a ride home. It was only later that I realized my benefactor was Robert T. Crowley, who had been the assistant deputy director for operations of the Central Intelligence Agency. Crowley, now retired, and William R. Corson, another former intelligence man, have written a detailed and revealing book about the KGB. I doubt that Crowley and Victor Louis (whose real name, according to "The New KGB," is Vitali Levin) have met, but if they could, it would make for a fascinating evening. The relative merits of the CIA and the KGB, and the two contrasting systems that bred them, would be discussed with considerable wit and erudition.

Intelligence agents live in a world that is rather different from that in which the rest of us reside, and they tend to think differently. As only one example of the complexities of this subterranean world, Corson and Crowley recount the strange case of Yuri Logunov, who was arrested in South Africa in 1967 as a Soviet "illegal," that is, a spy without official (usually diplomatic) cover. The authors find his arrest by the "relatively inexperienced South Africans" to be odd, since illegals are the slipperiest of intelligence eels and the hardest to catch.

The implication, although the authors do not say so directly, is that Logunov was sent out in order to be caught. The authors cite a report that Logunov supported the story of another defector, Yuri Nosenko, who had turned up in Geneva three years earlier. Nosenko discounted the allegations of a previous KGB defector, Anatoli Golitsin, who had warned the CIA that it harbored a high-level mole. The argument

over Nosenko's bona fides became a major issue, leading to resignations, creating bitter rivalries within the agency and pleasing the KGB no end. Logunov, the authors suggest, contributed to the confusion at the highest levels. "In the view of some experts, his 'failed' mission was in fact a dramatic success."

Yet the CIA, the reader should keep in mind, has permitted only what it wants to be published about the KGB to appear in this book. As a former CIA officer, Crowley had to submit the book to the agency for clearance. The CIA says he did so. It also says that Corson did not submit the book and was not so obligated.

"The New KGB" is mistitled, since the bulk of this study deals, not with the modern KGB, but with the history of the "organs" of Soviet state security. One must plow through pages of detailed examination of the evolution of the Cheka, the OGPU, the NKVD, the MVD and so on, as well as descriptions of medieval intrigues by various commercial arms of the Soviet government, to find the augurs — but they are there.

For example, Corson and Crowley say Yuri Andropov, the first head of the KGB to become leader of the Soviet Union, and his protégé, Viktor Chebrikov, now head of the KGB, met years ago on a dull, bureaucratic assignment, a KGB promotion panel on which the two men served for two weeks. But they stayed in touch. In 1955, when Andropov was KGB resident in Hungary and later ambassador, he sent for Chebrikov as his deputy. The two won their spurs the following year when Soviet tanks and troops crushed the revolt in Budapest. When Andropov came to power in November 1982, one of his first acts was to appoint Chebrikov head of the KGB.

There is tradecraft galore here, descriptions of how the KGB goes about compiling lists of infant deaths, finding defunct businesses, schools and addresses to build uncheckable legends for its illegals. There is an account of the spy school at Bykovo, near Moscow, where Soviet agents were allegedly taught to pass for Americans. They were required to memorize batting averages and were taught by a faculty that "understood the importance (for legend purposes) of baseball, radio, hot dogs, and apple pie." Bykovo, according to the authors, even had a roller skating rink.

"The New KGB" spends a great deal of time noting that the Soviet secret police killed 40 million people, that Stalin and Beria were responsible for mass terror, that the KGB is not the Rotary Club. The denunciations of the Soviet system tend to detract from the narrative. Still, the authors cannot conceal their admiration for Hans Gellert, a Soviet agent who showed astonishing ingenuity in outwitting the British secret service and tracking down "Scott," a cipher clerk in the British Foreign Office. The case is a tale well told.

Corson and Crowley give a balanced appraisal of Andropov as KGB chief, concluding that he was a man of considerable skills as an administrator. Andropov chose his young officers with care: "The group cannot be seen as resembling political hacks or 'bucket punches' of the sort seen in the past. Rather, they are the 'best and the toughest' the Soviet system has been able to produce in nearly seven decades."

David Wise writes frequently about intelligence. His latest book is "The Children's Game," a novel of espionage. He wrote this review for The Washington Post.

Solution to Friday's Puzzle

RIB	AMLE	BMOC
JATO	ZOML	RISO
AXAX	AIIL	ILLS
VALHALLA	ODDLOT	
ABLAZE	WABLE	
UTAH	VALENTI	
LISLE	OBAD	DIOR
OOH	CAMELOT	UGO
ATAP	TITO	ADMAN
MANHOLE	NOSE	
GODARD	STABLE	
CAREEN	EMPYREAN	
ADIN	TATAR	SAND
SOLI	IROSE	INKS
HOAX	SMOKY	ROY

BRIDGE

By Alan Truscott

ON the diagrammed deal, West reasoned brilliantly in defense to four spades.

North's four-heart response to one no-trump was an optimistic Texas transfer showing spade length. The gambler seemed about to pay off when the heart nine was led and East took the ace.

East shifted to the club nine. South played the king, and West put on his thinking cap. Did his partner have a singleton or a doubleton?

Most players would take the ace and return the suit, preferring the chance of a quick ruff to a doubtful slow one. But

West looked more deeply. One ruff would not serve to defeat the contract; a fourth trick would have to be found somewhere.

This would have to be in trumps, so East would have to have the ace doubleton. In that case the defense could score three aces and a club ruff, but only if West made the right decision at this point.

After some thought West played the seven of clubs and defeated the contract. Eventually East scored a club ruff.

The reasoning involved was a delicate compliment to East's ability. With a doubleton spade ace and a singleton club, East could afford to delay his

club lead and should do so. The immediate club playing suggested a doubleton, and West played accordingly.

NORTH
♠ 08785
♥ 6
♦ 7883
♣ 4

WEST
♠ 842
♥ 3
♦ 875
♣ A72

EAST
♠ A3
♥ A3
♦ A3
♣ 8

SOUTH
♠ K1074
♥ A64
♦ A64
♣ KQ4

Neither side was vulnerable. The bidding:
South West North East
1NT Pass 4♣ Pass
Pass Pass 4♣ Pass
West led the heart nine.

السلامة

SPORTS

Green Is PGA Leader by 3

By Sally Jenkins
Washington Post Service

DENVER—Hubert Green shot a one-under-par 70 here Saturday to take a three-stroke lead in the 67th PGA Championship as the Cherry Hills Country Club course took its revenge on much of an unsuspecting field.

Green had trailed leader Lee Trevino, the defending champion, by two strokes after Friday's second round, but on Saturday he offset two bogeys with three birdies for a 54-hole total of 7-under-par 206. Trevino, meanwhile, ballooned to a 75/209.

But Trevino was better able than most to minimize the damage, as virtually everybody on the leader's board faltered on a course that had suddenly become unmanageable. Trevino's round left him two strokes ahead of Tom Watson (74), Nick Price (65) and Fred Couples (76).

Those four weren't far back enough to suit Green; being the leader is an unfamiliar sensation for the 38-year-old, who has been suffering through three of the worst years of his career. "I can win, and I probably should win a major championship," said Green. "But better men than me have squandered leads like this. I didn't come here in a turnip truck and I'm not leaving in one."

Cherry Hills, which yielded a tournament-record 31 subpar rounds Thursday and played only slightly tougher Friday, turned nasty Saturday with gusts that were kitchen-counter fast and winds gusting to 25 miles an hour (40.2 kph).

The midpoint leaders met with problems all over the 7,089-yard layout. That was partly because of the condition of the greens, which tournament officials decided not to water overnight because of recent humidity. They also ordered them rolled with 30-pound weights, further hardening them.

Green's resurgence, which included a 69 Friday that put him in contention, was an encouraging sign for the 1977 U.S. Open champion, whose only four victory dur-

ing the past three years was in the 1984 Southern Open. "I died two years ago," he said. "But my game is back."

On Friday, Trevino, 46, shot a 68 for a lead at 134. Couples registered the day's low round, a 65, which put him one stroke behind Trevino. Couples was followed by Green, with a 69/136.

In the third round, Green finessed the course, which requires more skill with the irons than length with the driver. He stayed out of the rough and bounced low-trajectory shots from the fairway onto greens for relatively routine pars. In a threesome with Couples and Trevino, he was the only one to get consistently near the flags.

Green birdied the par-4 fourth hole with an 8-iron to within 10 feet, the par-3 sixth (which Trevino bogeyed in a two-stroke swing), and the par-3 No. 8 with a 2-iron to within 25 feet. His twisting putt on the eighth broke about six feet.

"I'm not that good," Green said. "I didn't try to call that one. I just tried to get it close and not embarrass myself."

Green bogeyed the par-4 ninth with a 6-iron that left him with an unmakeable uphill seven-foot putt. But then he reeled off nine straight pars. He didn't waver again until the 18th, a long par-4. He closed with a bogey when he hit a 2-iron into the rough, left a 9-iron just off the green, chipped to within six feet and putted poorly.

Green's resurgence is not entirely surprising. At the recent Western Open, he tied for 10th after birdieing the first seven holes of the third round, one short of the record for consecutive subpar holes.

Trevino missed six greens in a four-bogey, no-birdie round, including at the first and sixth holes, where his approaches didn't hold. He blamed it on the "unnecessary" firming of the course.

Greenskeeper Armen Suny denied that Cherry Hills, which was criticized after the first two rounds for playing too easily, had been toughened by course and PGA officials. "It's just the wind," Suny

said. "They can't score here in the wind."

Trevino disagreed, saying that one green "was so hard you could land a 747 on it." He was joined in that opinion by Green, who speculated that the PGA was reacting to criticism.

Trevino remarked, "There's no way they could have gotten the greens that firm in one night without doing something to them. I thought I hit some good shots. I guess not. . . I wouldn't mind a 75 if I struck the ball poorly, but I didn't."

"I hit six shots, four of them sand wedges, that landed on the green, took one hop and ended up over the green in the gallery or in a bunker," said Trevino, who had a string of six straight PGA rounds in the 60s broken. He had needed only 26 putts on Thursday and 29 on Friday.

The turning point in Trevino's round came at No. 6, where he three-putted for the first time in the tournament. His 35-footer ran past the hole and he missed from five feet coming back to drop to six under.

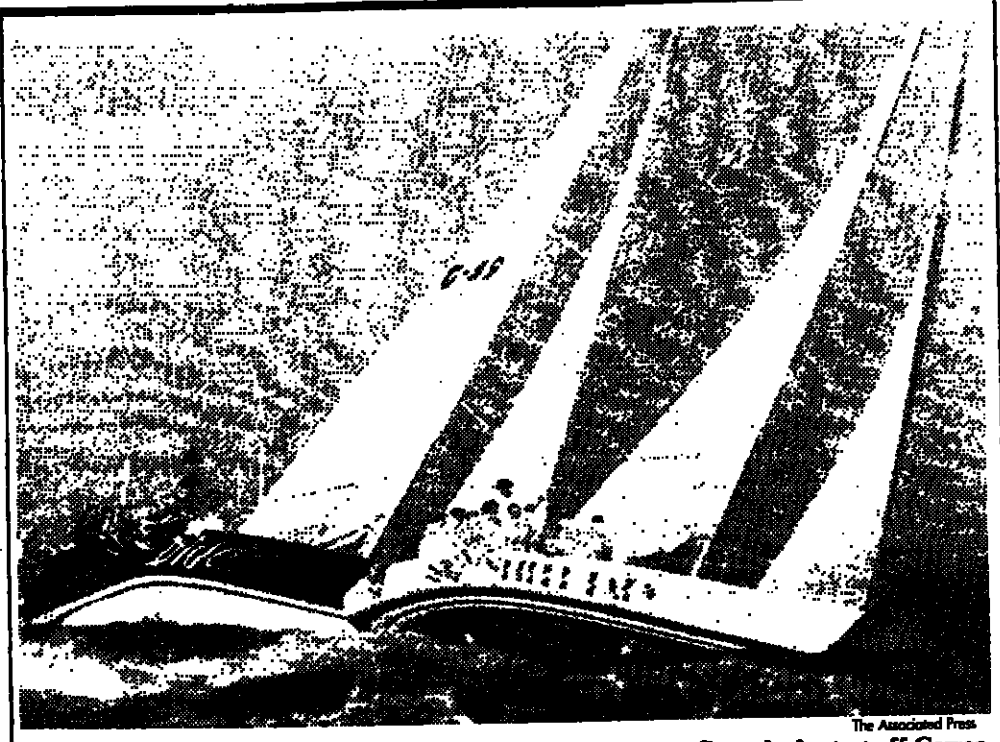
Meanwhile, Green had hit a 7-iron that left him a two-footer for a birdie and the lead.

Couples had bogeys at the 3d, 8th and 10th holes, and three more at Nos. 13 through 15. Watson bogeyed Nos. 5, 7 and 9; a birdie on the 10th was only a brief respite, because he bogeyed the par-4 14th before finishing with a 74. His putting, a problem all year, was the culprit.

"I played a good back nine," he said. "With some decent putting, it could have been a real good score."

Peter Jacobsen had been tied with Watson, three strokes behind Trevino, going into the round. Jacobsen began Saturday with birdies on the first and fifth holes to drop to seven under par. But he bogeyed the par-3 sixth, as did almost everyone else, then began to crash.

Doug Tewell, who led the tournament after the first day with a 64, subsequently went 72-77 for a 213 total.



LAST LEG—Although France's Fiore Lady had the edge at Saturday's start off Cowes, England, West German sailors aboard Dora (above) and Outsider had a 75-point lead over runner-up Britain as the Admiral's Cup yacht competition began its final leg. The 605-mile (973.6-kilometer) Fastnet Race is expected to conclude Tuesday off Plymouth.

SCOREBOARD

Golf

PGA Tournament

Scores through three rounds of the PGA Championship at the 7,089-yard, par-71 Cherry Hills Country Club course in Denver:

Hubert Green	67-69-70=206
Lee Trevino	68-75-209
Nick Price	65-74-211
Tom Watson	67-74-211
Fred Couples	65-74-211
Peter Jacobsen	65-74-211
Tommy Green	65-74-211
Scott Simpson	65-74-211
Seve Ballesteros	65-74-211
Andy Bean	65-74-211
Shelby Carter	65-74-211
Morris Hultquist	65-74-211
Roger Maltbie	65-74-211
Carly Povey	65-74-211
David Graham	65-74-211
Larry Mize	65-74-211
Mark Pegg	65-74-211
Don Pelt	65-74-211
Larry Levi	65-74-211
Wayne Levi	65-74-211
Jack Nicklaus	65-74-211
Tim Felt	65-74-211
Calvin Peete	65-74-211
Steve Stricker	65-74-211
George Archer	65-74-211
Scott Hoch	65-74-211
Tze Ming Chen	65-74-211
Frank Conner	65-74-211
Buddy Gardner	65-74-211
Bernhard Langer	65-74-211
Dave Barr	65-74-211
Bob Glick	65-74-211
Wesley Blackburn	65-74-211
Don Pooley	65-74-211
Joey Sindelar	65-74-211
Robert Byrd	65-74-211
Gil Morgan	65-74-211
John Mahaffey	65-74-211
Mark O'Meara	65-74-211
Willie Wood	65-74-211
Fuzzy Zscharer	65-74-211
Brett Unger	65-74-211
Bob Glick	65-74-211
Mark Lye	65-74-211
D.J. Worthington	65-74-211
Ben Crenshaw	65-74-211
Tommy Green	65-74-211
Joey Hoos	65-74-211
Danlie Hammond	65-74-211
Nick Faldo	65-74-211
Bill Glasson	65-74-211
T.C. Chen	65-74-211
Howard Hobbins	65-74-211
David Watson	65-74-211
Bobby Nichols	65-74-211
Ed Dougherty	65-74-211
Dave Stockton	65-74-211
Bill Krabner	65-74-211
David Coburn	65-74-211
Mike Reid	65-74-211
Alvin Palmer	65-74-211
Robert Byrd	65-74-211
David Gien	65-74-211
Ron Strick	65-74-211
Mark Williams	65-74-211
Mark Murphy	65-74-211
Mike Dennis	65-74-211
Al Geiberger	65-74-211
Phil Blackman	65-74-211
Mike Smith	65-74-211

Baseball

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE
Detroit 8, Boston 6
Cleveland 6, Toronto 4
Minnesota 5, Kansas City 4
Chicago 4, Oakland 3
New York 4, Baltimore 3
Seattle 4, Milwaukee 3
Texas 4, St. Louis 3
California 4, Los Angeles 3
Pittsburgh 4, Philadelphia 3
Washington 4, Houston 3
San Francisco 4, San Diego 3
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Pentagon's Victory Opens a New Battle

Chemical Weapons Debate Divides Experts Over Storage and Testing

By Bill Keller
New York Times Service
WASHINGTON — The expected decision to end a 16-year moratorium and resume military production of chemical weapons is being celebrated by the Pentagon as the end of a long campaign.

A House-Senate conference has authorized \$155 million to begin production of a new chemical bomb and artillery shell, billed as a safer replacement for aged stockpiles of nerve gas.

The nerve gas program, part of a bill authorizing \$302.5 billion in military programs for the fiscal year beginning Oct. 1, has been approved by the Senate and awaits a final House vote in September.

But according to a wide range of experts on both sides of the issue, the debate has left unresolved a number of divisive questions about the future of the United States' involvement with these weapons, including where they would be deployed and how they would be tested.

Interviews with Pentagon officials, members of Congress, scientists, and others involved in the chemical weapons debate have raised the following points:

• Although most experts have said that Europe is the most likely scene for a battle with chemical weapons, European allies have balked at even discussing the deployment of the new weapons on their soil. Pentagon officials say they have now decided to deploy them only in the United States or on ships, which critics say would be too far from battlefields.

• Many scientists and intelligence officials believe the United States cannot be fully confident that its new weapons will work without open-air testing, banned in the United States since 1969. Yet politicians have said that there would be no public resistance to resuming tests.

• A presidential commission that endorsed the production of new nerve gases in June was among those who have said that the new chemical weapons program may be

obsolete before it is completed. The critics have faulted the army for not designing long-range, unmanned weapons to deliver chemical agents behind enemy lines without risking the lives of pilots.

• Talks aimed at an international treaty banning chemical weapons remain stymied in Geneva, and there was little optimism among Reagan administration officials or outside experts that the impasse could be resolved, because such a treaty would be extremely difficult to enforce.

The Pentagon has promoted its new chemical weapons program in part on the ground that a sign of American determination would induce the Soviet Union to bargain more seriously toward a ban.

But talks aimed at controlling chemical weapons have gone on without success since 1972, and American intelligence officials have said that the Soviet Union is perfecting more advanced nerve gases.

To some observers, that raised the prospect of a continuing chemical arms race.

Richard E. Cavazos, a retired army general who served on President Ronald Reagan's Chemical Warfare Review Commission, which endorsed the new chemical program in June, said he was often exasperated by the reluctance of Pentagon officials and critics to look beyond the immediate proposal.

One of the most politically volatile issues was whether to deploy the new weapons in Europe, especially after campaigns to deploy medium-range missiles and neutron weapons there.

The House, arguing that an encounter by superpowers would most likely begin in Europe, voted in June to require that the North Atlantic Treaty Organization formally agree to store the new weapons on its soil before production could begin.

After strong objections from the Pentagon and State Department that this would cause political

(Continued on Page 6, Col. 5)



Three women walked to a makeshift medical clinic in Institute, West Virginia, Monday, the day after a chemical leak at a Union Carbide plant sent scores of residents to hospitals.

Emergency Warning System Failed In Union Carbide Leak at U.S. Plant

The Associated Press
INSTITUTE, West Virginia — The emergency warning and shut-off system installed at a Union Carbide Corp. plant here failed in Sunday's leak of toxic chemicals, local officials said here Monday.

The system was installed after the leak of a chemical at a Union Carbide plant in Bhopal, India, last year killed more than 2,000 people.

Six plant employees, one seriously injured, and about 130 nearby residents went to hospitals Sunday with lung, eye, nose and throat irritations after the leak of a chemical used to make a pesticide. Thousands of people were asked to stay in their homes for several hours, until the chemical dissipated.

The mayor of Charleston, West Virginia, Mike Roark, accused Union Carbide of not providing adequate information about the leak at its pesticide plant, which

spread a chemical cloud over four communities.

"They did not notify anybody other than making an initial call to the county," Mr. Roark said Monday, "and the information that came from them was sparse to say the least."

Doctors said most of the injured would recover quickly. Officials said the chemical unit was shut following the leak, but that workers were back at work Monday in other parts of the plant.

Meanwhile, the company planned to respond formally to complaints about its emergency procedures but had not decided on how to do it, a spokesman, Charles Ryan, said.

The chemical cloud spread from a unit that uses methyl isocyanate, the substance that leaked last December in the Indian city of Bhopal. The substance that leaked here,

aldicarb oxime, is made from methyl isocyanate, but that chemical is consumed in production.

Company officials said a cloud of aldicarb settled on nearby homes after leaking from the plant when a gasket on a storage tank failed.

Many people living near the plant said their homes had already been engulfed in fumes when they first heard the plant's emergency siren.

"Carbide's got to do something better than this," said Donna Willis, one of nearly 300 residents examined at an emergency clinic.

"We can't let them wait 10, 20 or 30 minutes before they let you know what's going on," she said.

"We could have been dead," she added. The company said it had notified the county Office of Emergency Services of the incident within "ap-

(Continued on Page 2, Col. 5)

524 Are Feared Dead In Japanese 747 Crash After a Door Problem

Compiled by Our Staff From Dispatches

TOKYO — A Japanese Boeing 747 with 524 passengers and crew members aboard crashed and burned in the mountains near here Monday night, in what could be the worst single plane disaster in the history of civilian aviation.

Hours later, there was still no official word about casualties or survivors. Rescue teams were climbing through forests and mountains northwest of Tokyo to search for survivors, if any, from Japan Airlines Flight 123. It was bound from Tokyo to Osaka.

A JAL spokesman said the pilot had reported trouble with a door.

A military helicopter pilot who flew over the crash site, far from the airline's planned flight path, saw nothing but flames.

"We could see the flames for five minutes before reaching it," Izumi Omori said after he landed. "I saw flames at more than 10 places."

"I could not see the wreckage," he added. "But the flames did not look like woods burning."

Pilots of two other planes reported seeing an aircraft burning in air before the crash. The Associated Press reported.

Geoffrey Tudor, a spokesman for Japan Air Lines, said the passenger list included 21 non-Japanese names. "There are some Western names," he added.

The worst one-plane crash ever recorded until now was of a Turkish Airlines DC-10 near Paris in 1974, in which 346 people died. A cargo door opened, causing explosive depressurization, and the floor collapsed, severing control lines.

The worst accident reported in commercial aviation history was at Tenerife in the Canary Islands in March 1977, when 582 people died in a runway collision in fog of two Boeing 747s, one operated by Pan American World Airways and the other by KLM.

The JAL plane was operating from Tokyo's Haneda Airport to Osaka during one of Japan's busi-

est holiday travel seasons, when city dwellers traditionally return to visit home villages.

The 509 passengers included 12 infants, the JAL spokesman said. The plane had 15 crew members.

Officials at the U.S. Air Base at Yokota, 21 miles (34 kilometers) west of Tokyo, said the pilot had requested and received permission to make an emergency landing.

However, the plane disappeared from radar screens when it was near Saku, a city in the Nagano

District. The time of the crash was calculated at 6:54 P.M.

The Japan Broadcasting Corp. said there was a thunderstorm in the area about the time the plane went down.

The site of the crash is in an uninhabited area that is accessible to land vehicles, the police said.

Relatives gathered at the airport in Osaka to await word.

Kyodo News Service quoted witnesses as having said they saw the Boeing 747 make a long turn and then they saw "red and black," — fire and smoke.

The Japan Broadcasting Corp. said some people in the Nagano area had telephoned the network to report they had heard a loud crash and had then seen a "mushroom cloud."

The Boeing 747 appeared to be off course between Tokyo and Osaka when the trouble started.

The JAL spokesman, Mr. Tudor, said the plane was on a flight from Tokyo to Osaka during one of Japan's busi-

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Paris Police Kill Gunman In Mosque

Compiled by Our Staff From Dispatches

PARIS — Police shot and killed an unidentified Algerian who held a hostage at gunpoint for nearly five hours Monday in the Grand Mosque of Paris.

Hit by several bullets, the gunman was too badly wounded to be moved to hospital and died in the mosque, police said.

The hostage, a mosque official, was freed unharmed, but another employee shot by the gunman at the start of the siege was taken to a hospital with serious injuries to the liver.

The gunman entered the mosque shortly after the start of afternoon prayers, when about a hundred worshippers were inside the sprawling whitewashed complex on the Left Bank of the Seine.

A witness said she heard him shout: "I have a gun." Then he took a weapon from a bag and fired at Rabbah Dranchine, the mosque's personnel chief.

The man seized Omar Hadji, the mosque's chief of protocol, as a hostage. The reactor, Sheikh Abbas Bencheikh-el-Hocine, was at first feared to be among the hostages but police said he managed to lock himself in his office.

The Paris police's anti-commando unit had surrounded the mosque, which is in the Latin Quarter. A state prosecutor negotiated by phone with the gunman, police said.

The gunman demanded to be flown to Algeria, and an Algerian diplomat entered the mosque to negotiate with him. Shortly before 7 P.M., the hostage tried to escape and police sharpshooters fired four shots, hitting the gunman.

"After the negotiations which went on until 7, the hostage tried to get out of the office in which he was being held prisoner," according to a Paris police spokesman, Michel Laudet.

"When the police saw the hostage coming out and the gunman behaving in a threatening manner they intervened and he was wounded," Mr. Laudet said.

The mosque, the main place of worship for Paris's 400,000 Moslems, has in the past been the scene of violence.

Mohammed Benzouaou, the mosque's principal imam, or religious leader, was beaten to death with an iron bar in front of a mosque in September 1984 by the authorities as a "crazy mystic."

About two million Moslems live in France.

(Reuters, AP)



Police stood outside the Grand Mosque of Paris Monday after a gunman wounded a man and took another hostage.

Mine Conflict Smolders In U.K., Uncertainty and Bitterness

By Jo Thomas
New York Times Service

SOUTH KIRKBY, England — It is not his debts, which are many, or his clothes, which are few, that most trouble Jeffrey Johnson, a West Yorkshire coal miner, in the aftermath of his union's yearlong strike, which collapsed in March.

The worst part, he said as he got ready for the night shift at the mine where he works as an electrician, was the knot he gets in his stomach before the shift begins, "like you felt in school before taking exams; you don't know what's coming."

He and thousands of other members of the National Union of Mineworkers stayed out until the end, then went back to work in early March without an agreement on the state-owned National Coal Board's plan to close unprofitable mines and eliminate 20,000 jobs. During the strike, which began on March 6, 1984, 9,700 miners quit or retired, and since then 7,500 others have departed.

A joke told among miners, Mr. Johnson said, is that management got rid of 20,000 miners, but they were all moderates; the militants stayed behind.

Underlying that joke, he said, is almost daily conflict between the miners and management over safety standards and discipline, bitterness toward miners who crossed picket lines during the strike, anger over the hundreds of miners dismissed during the strike and suspicion that management is on a campaign, one way or another, "to wipe the militant areas out."

The central issue of the strike was management's insistence on its right to close uneconomic pits. It had promised to reduce the work force through retirements and voluntary resignations, transferring miners who still want to work, but members of the union felt this was not enough.

Since the end of the strike, it appears that the loss of jobs may be far greater than even the striking miners feared. Although 19 mines have been designated for closing since March 1984, reports published in July said that the management ultimately intends to close 50 mines and eliminate 50,000 jobs, more than twice as many as the original target. The management called the reports "speculative."

(Continued on Page 2, Col. 3)



A poster in the Soviet sobriety drive vowing a "battle with hooligans and drunks." Page 2.

Conditions in Wats are little changed 20 years after the riot that shocked the world. Page 3.

BUSINESS/FINANCE

Japan's largest shipping company may have to seek court protection, industry sources said. Page 9.

SPORTS

Hubert Green won the PGA championship. Page 17.

For Japan, the Fear Is That Prosperity Won't Last

By John Burgess
Washington Post Service

TOKYO — The tale is told of a Japanese Rig Van Winkle, who, having entered his slumber in the dark, final days of World War II, awakens in modern Tokyo. He is dumbstruck by the skyscrapers, cars and throngs of smartly dressed people. Silently, he rejoices. Somehow, that terrible war was won.

Forty years after they raised the white flag, the Japanese have given history one of its choicest ironies. They have achieved in defeat much of what they sought fruitlessly in war: affluence, military security, the respect of foreign countries and economic domination of the Far East.

But with all its success, Japan continues to see itself as a society living on the edge. It is forever debating what it owes to the world, how long the good times can last and whether wealth has brought true happiness. To that last question, more and more Japanese answer no.

Not that anyone would turn back the clock. Japanese today live longer than any people on Earth. Life expectancy is 80.2 years for women, 74.5 years for men. They enjoy excellent health. They can pass from cradle to grave without a single encounter with violent crime. Their streets are clean and their waters polite.

When Japan surrendered on Aug. 15, 1945, Tokyo and the other great cities were blackened fields of ash and twisted metal.

Most factories were ruined and ships sunk. Three million Japanese were dead. Many of those who had survived were living on sweet potatoes and other roots.

The devastation was so complete that American paratroopers scouring Yokohama for food for General Douglas MacArthur's

second in size only to the United States outside the Communist bloc. Its steel, auto and electronics industries are the envy of the world. The challenge now to Japan is how to sell to trading partners who are angered about Japan's trade surpluses.

Gross national product, the total value of goods and services, will rise an estimated 4 percent in real terms this year. Exports, which are expected to rise to \$180 billion, will include power-generating equipment for China, automobiles and digital phone exchanges for the United States and cassette recorders for Bahrain. The cheap toys and souvenirs that once made the stamp "Made in Japan" synonymous with junk in many Western countries vanished years ago.

Since the war, the United States has become Japan's most important economic partner, taking 35 percent of its exports last year. Despite Washington's huge deficits with Japan, which reached \$37 billion in 1984, the United States does make major sales here. Japan is the largest foreign market for American farmers, with almost \$8 billion of purchases in 1984.

But much of Japan's trade and investment is directed at former members of the "Greater East Asia Co-Prosperity Sphere," as its wartime empire was called. Japanese disdain historical parallels but also suggest that economic dominance of the region is a natural byproduct of industrial might.

The Indonesian oil reserves that Japanese troops seized in 1942 to fuel the war-

The Pacific
At War and at Peace
First of four articles

first breakfast in Japan reported back with one egg.

The reconstruction began.

"People came to believe that happiness is found in having things and money," said Jiro Kamishima, a political science professor at Tokyo's Risho University.

The Japanese approached their new task with the single-mindedness that they had applied to making war.

Americans say the squeaky wheel gets the grease. But Japanese say the nail that sticks up gets hammered down. And by most accounts, it is that conformity and unwavering loyalty to the group that are the keys to understanding the Japanese character and the country's stunning success in world commerce.

Today's Japan, with its 120 million people, is a finely tuned, \$1.2-trillion economy,

The Parents of 'Martyrs' Soweto Families Fear for Children

By Glenn Frankel
Washington Post Service

JOHANNESBURG — Wilfred Ratala's 15-year-old son, John, came home from school recently with a police bullet in his leg.

As his father told it, John was on his way home in Soweto when he was caught in fighting between police and local youths. The youths had rocks, and the police automatic rifles and shotguns. When the dust cleared, John's right leg was bleeding from a shotgun wound, and he dragged himself home.

Mr. Ratala did not take his son to the local hospital, where "I knew he could be arrested," but to a local physician.

"It makes me very angry, but what can I do?" said Mr. Ratala, an insurance broker in South Africa's largest black urban community.

"The police can shoot anyone they like. No one can stop them."

These are times of pain for many parents of South Africa's black townships as they watch their children standing on the frontline of the low-level war against the state.

Some become the parents of martyrs. They can be seen at political funerals huddled on simple grass rugs, staring at their children's coffins while speeches are made. Others search for children who have been detained by police for their alleged role in the unrest or who have gone into hiding a step ahead of the law.

The Detainees' Parents Support Committee, an opposition civil rights group, said it believed that more than half the 1,500 people detained since South Africa's state of emergency took effect July 21 were age 18 or under. An average of 20 parents a day go to the committee's overcrowded office in central Johannesburg seeking advice and assistance in locating their children.

The families are often torn by conflicting emotions: agonizing fear for their children; anger, often first directed at the children, then at the police and, ultimately, the white-minority government. With some, there is a small dose of pride. As the unrest in black townships continues, its recruits grow younger. Beauty Guda's 11-year-old son, Fanie, left July 11 to play with friends in the craggy, rock-strewn streets of Alexandra, a black township north of Johannesburg.

His mother was visited that evening by a white police officer and a half-dozen black policemen who told her the boy had been arrested for throwing rocks at police. She witnessed her son make a written confession. Four weeks later, he was still being held without bail at John Vorster Square, Johannes-

burg's central police jail, on charges of public violence that could bring him a maximum 10-year sentence in a reformatory.

His lawyer, Krishna Naidoo, said police and judges no longer seemed interested in mitigation pleas based on the youth of a defendant.

"They say outside agents are using these kids as agents of unrest," he said. "Age is not a factor to the police."

Edwin Melk said he wished his 17-year-old son, Isaac, were just an ordinary student of a leader of the anti-apartheid Congress of South African Students. Mr. Melk was asked to attend school in a township in his Soweto home at 3 A.M. last week when he heard a

(Continued on Page 2, Col. 7)

Black Boycott Expands in South Africa

The Associated Press

JOHANNESBURG — A black consumer boycott against white businesses spread to Johannesburg and Pretoria on Monday, while security police forced striking black students to attend school in a township near Johannesburg.

Police reported scattered rioting in the country. There were reports that at least four blacks were killed in racial unrest.

Hospitals in Durban reported two deaths in outbreaks at black townships, bringing to 67 the total reported killed in the Indian Ocean port in nearly a week of violence. More than 700 were injured in the week of rioting, the most intense in a day since protests against apartheid began throughout the country 11 months ago.

Newspapers said that at least two blacks, one of them a 12-year-old girl, were killed Sunday as fire-bombs and stones were thrown between youths and residents of a workers' hostel and residents of a township at Mamelodi, near Pretoria.

Black activists announced the start of consumer boycotts in Pretoria and Johannesburg, the two main cities in South Africa's business and industrial center. They said a boycott would begin Wednesday in Cape Town.

Black boycotts of white businesses began a month ago in the eastern area of Cape Province in the southern part of the country. The boycotts are seen by many militants as the best way to make their

(Continued on Page 2, Col. 6)

Soviet Anti-Booze Drive: For Now, an Uneasy Sobriety Prevails

By Seth Mydans

New York Times Service

MOSCOW — As the Trans-Siberian railroad set off recently on its Beijing-to-Moscow run, it was filled with the tipsy revelry that is traditional in much of Russian life. But as it approached the Soviet border, a passenger recalled, the bottles were put away and passengers settled down to a long, dry ride across the steppe.

In cities and towns across the Soviet Union, a two-month-old liquor law has taken hold and is transforming much of the way Russians live their daily lives. The traditional mugs of beer have disappeared from many of the steamy bathhouses where people beat each other with birch branches. Some waiters have walked off the job in restaurants where reduced liquor sales have cut down on tips.

Sales of eau de cologne are reported to have increased as alcoholics, desperate for a drink, feel the effects of shortened store hours. Long lines now form outside liquor stores before they open at the new, later hour of 2 P.M., and again before their early closing at 7 P.M., as people rush to buy a bottle on their way home from work. Restaurants are often nearly empty before 2 P.M., the hour when liquor serving may begin.

The new law, which took effect June 1, is a major event in a nation where, for decades, if not for centuries, drink has been an intimate part of social ritual and the primary form of recreation and escape. In recent years it has developed into a problem that paralyzes the economy and symbolizes an absence of motivation or energy that has overtaken much of Soviet life.

The new regulations attack the problem on various fronts, by raising the drinking age to 21 from 18, by closing liquor stores for all but five hours a day, by tightening restrictions on illegal home brew, and by increasing penalties for being drunk in public or on the job. Newspapers report a drop in liquor sales of as much as 30 percent, and the police say they are arresting thousands of violators.

Vodka production is to be cut next year, and the production of some fortified wines is to stop entirely in 1988. The output of soft drinks and mineral water is to rise. The law is the first concrete step that the new Soviet leader, Mikhail S. Gorbachev, has taken to change Russians' lives. It has been taken as

a signal of his seriousness in getting the Soviet Union back on the move. Though this nation is far less prone to fads than the United States, fads carry considerable weight when they come straight from the top, and sobriety is suddenly the in thing.

The reaction to the new law has reached the point where formal toasts, obligatory at any social occasion, are raised without lifting even a glass of water to the lips. Officials who used to press tumblers of vodka on their guests now decline even a glass of wine at dinner.

Some Russians, though, are saying that if the new restrictions are to be more than a passing fad, Mr. Gorbachev must still address the deeper causes of alcohol abuse, which they say include boredom, the many small hardships of daily existence, and a certain emptiness in life.

In the first month after the law took effect, according to Internal Affairs Minister Vitali V. Fedorchuk, the police recorded 15,000 violations, mostly among merchants who were not observing new restrictions on the places and hours of sale. A two-day crackdown at the end

of last month in Moscow caught 273 people selling bottles illegally from cars or out of shopping bags on street corners. In the southern Russian district of Belgorod alone, according to the Communist Party newspaper Pravda, the police destroyed more than 500 illegal stills and put the names of nearly 2,500 home brewers on a blacklist.

Introduction of the law has been accompanied by a propaganda campaign of a magnitude possible only in a press that is orchestrated from above. "The propaganda is working, and there is a new attitude toward drinks," said an office worker, adding, "Now people look at drinks on the street in a new way, with disgust on their faces."

But the laws are affecting more than drunks and ordinary folk who want a bottle of champagne for a birthday party are complaining that shortened hours for liquor stores, and the long lines that have resulted, are making their lives difficult.

"Tough measures are O.K. in general," said one man, "but when those measures affect you personally, it's not so O.K." A Soviet journalist, offering an

American visitor a soft drink, said: "Isn't it a pity that when the pendulum swings it has to swing so far." The newspaper Sotsialisticheskaya Industriya reported on an anti-alcoholism seminar among railroad workers where vodka was served, and which ended as a drunken party.

In taking his first concrete step in the area of alcohol abuse, Mr. Gorbachev selected a highly symbolic area of concern, and an area that signaled an intention to make difficult decisions, to break with past tradition, and to wrench a sluggish economy out of its stupor.

Charges of alcohol abuse appear to be finding a political use, as some regional Communist Party organizations are expelling some of their less productive officials for drunkenness. Drunkenness is rumored to have contributed to the fall last month from the Kremlin's elite of Grigori V. Romanov, an erstwhile Politburo rival of Mr. Gorbachev's.

An indication of the scope of drinking throughout the country was given in a recent newspaper article about a village near the Belorussian city of Minsk. Each month, it said, the village's 7,000

adults turned in 150,000 bottles for the bottle-return payment. The statistic returned out to an average consumption of more than 20 bottles of liquor a person each month. A young Russian voiced the widespread view that drinking filled a void in life that went deeper than social ritual. For the new laws to be successful, he said, something more substantial than mineral water will have to be produced to replace vodka.

"What will people be given in place of vodka?" the young man said. "What will they be given to do with their time?" He mentioned a shortage of sports centers, the blandness of television and films, the difficulty of buying good books, and, above all, the barrenness of life, especially outside big cities, where simply slogging through the chores of the day consumes so much energy.

He referred to a con man in a story by O. Henry who said that whenever he took something from someone he always tried to give back something in exchange — a fake diamond, some snake oil, or at least a punch in the nose. "Maybe we'll get the last of these," he said.

WORLD BRIEFS

Pakistanis Riot After Family of 9 Slain

RAWALPINDI, Pakistan (AP) — Hundreds of police dispersed demonstrators Monday after thousands of rioters protested the unexplained killing of nine members of one family. More than 10,000 people marched Sunday through various parts of Rawalpindi, which adjoins the capital of Islamabad. Vehicles and shops were burned in several shops. Residents demanded to know why the nine people were killed and charged that police were unable to protect the public. The riots began after news spread that nine members of a family, including five children, had been killed by a group of men who broke into their home. The victims were stabbed and beaten with clubs and bricks, the police said.

Firebombs Found in U.S. Troop Cars

FRANKFURT (Reuters) — Two incendiary devices were found Monday by cleaners on U.S. Army railroad cars, four days after a car bomb attack on the U.S. Rhein-Main Air Base killed two Americans, police said. The devices consisted of blankets drenched in inflammable liquid and an ignition mechanism, which failed to go off, a police spokesman said. Police officials investigating Thursday's car bombing joined in the investigation into the incendiary devices. The railroad cars, which are used to transport U.S. troops, were parked in sidings at a Frankfurt cargo station overnight. It was found Monday that two had been broken into.

Greenpeace Says Suspects in Africa

PARIS (AP) — Three men sought in connection with the July 10 bombing of the Greenpeace ship Rainbow Warrior in New Zealand flew last week to an unnamed African country, the head of Greenpeace said Monday. "That is my information," said David McTaggart, the chairman of Greenpeace in Paris. "They flew to Africa on Wednesday." Mr. McTaggart said he would meet later this week with President Francois Mitterrand of France, who has ordered an inquiry to learn whether the French secret service was involved in the attack. A Greenpeace photographer was killed in the bombing.

Polish Court Upholds 2 Convictions

WARSAW (AP) — A Polish appeals court Monday upheld the convictions of two Roman Catholic priests charged with leading a student protest against removal of crucifixes from their classrooms, but it reversed a one-year prison sentence against one of them, the official Polish press agency, PAP, reported. The provincial court in Kielce suspended the one-year prison term and placed the Reverend Marek Labuda on three years' probation, the agency said. It fined the priest 100,000 zlotys (\$650). The court upheld a 10-month suspended sentence against the second priest, Andrzej Wilczynski, who was ordered to pay a 60,000-zloty fine. The two priests led a protest Dec. 3-16 involving about 300 students and 100 parents. They occupied a school building in the southern town of Wioszcowa to protest the removal of crucifixes from classroom walls. The two priests were convicted by a lower court June 11 for leading an illegal strike and breaking into a school building.

Sri Lanka Rejects Tamils' Demands

NEW DELHI (Reuters) — A Sri Lankan government delegation Monday rejected demands by Tamil leaders at peace talks in Bhutan on the island's ethnic dispute. A Tamil spokesman said. "We are now preparing an answer to Sri Lanka's total rejection of our demand to accept four principles on which negotiations should be based," a spokesman for the Eelam National Liberation Front said by telephone from Madras. The talks were to resume Tuesday. The principles are recognition of Sri Lanka's minority Tamils as a separate nationality, of their traditional homelands in northern and eastern areas, of their right to self-determination and of their right to citizenship, said the spokesman for the front, an alliance of four guerrilla groups. At least 31 people were killed in ethnic clashes over the weekend in the north and east of the island, security sources in Colombo said.

U.S. Aide to Visit Mideast on Peace

WASHINGTON (UPI) — U.S. Assistant Secretary of State Richard W. Murphy will leave shortly for the Middle East to consult on reviving moves toward peace in the region, the State Department announced Monday. But the department said no final decision had been reached on whether he would meet with a joint Jordanian-Palestinian delegation. U.S. contact with such a delegation has been under consideration as a way to get the stalled peace process back on track. The announcement said Mr. Murphy was being sent by President Ronald Reagan and Secretary of State George P. Shultz but gave no itinerary. King Hussein of Jordan in February first proposed the idea of a top-level U.S. meeting with a joint Palestinian-Jordanian delegation. The administration has been receptive, but there have been difficulties on agreeing to a list of members for the delegation that would fall within the U.S. policy of not dealing with the Palestine Liberation Organization until it recognizes Israel's right to exist.

For the Record

A 27-year-old Algerian, Rashid Hamdi, who was injured in Copenhagen on July 22 when a bomb exploded at the offices of a U.S. airline, Northwest Orient, died Sunday in a hospital, Copenhagen police said Monday. (APF) Three leading Czechoslovak dissidents arrested over the weekend, Vaclav Havel, Ladislav Lis and Jiri Dienstbier, were released Sunday, émigré sources in Vienna said Monday. (UPI) Mozambican rebels reportedly massacred at least 33 villagers attending a funeral in the northwestern province of Tete last week, the press agency AIM reported. (Reuters)

Correction

Because of an editing error, two figures in Monday's Personal Investing article on stockbroker fees were reversed. E.F. Hutton charges \$92 for trading 100 shares of a \$50 stock. Merrill Lynch quoted a fee of \$103.53.

New Fighting in Beirut Endangers Peace Moves

Reuters

BEIRUT — Rival militias poured rocket, mortar and artillery fire across Christian and Moslem areas of Beirut on Monday, undermining Syrian-backed moves to end 10 years of civil war in Lebanon.

Security and hospital sources said seven persons were killed and 32 injured in Moslem-held West Beirut, while a Christian radio station reported three dead and 10 injured in the eastern part of the city.

There was no obvious reason for the upsurge in fighting, but both Moslem and Christian media said it was designed to upset Syria's efforts to reconcile factions that are deeply divided over proposals to change Lebanon's system of government.

The bombardment flared sporadically Sunday and rose overnight before subsiding at dawn. Sniper fire continued later on the Green Line between East and West Beirut.

The main factions acknowledge that a Syrian role is vital to help end the civil war, but they agree on little else. A new Moslem-leftist coalition,

the National Unity Front, demanded last week that the tradition of sharing power among the country's religious sects be abolished.

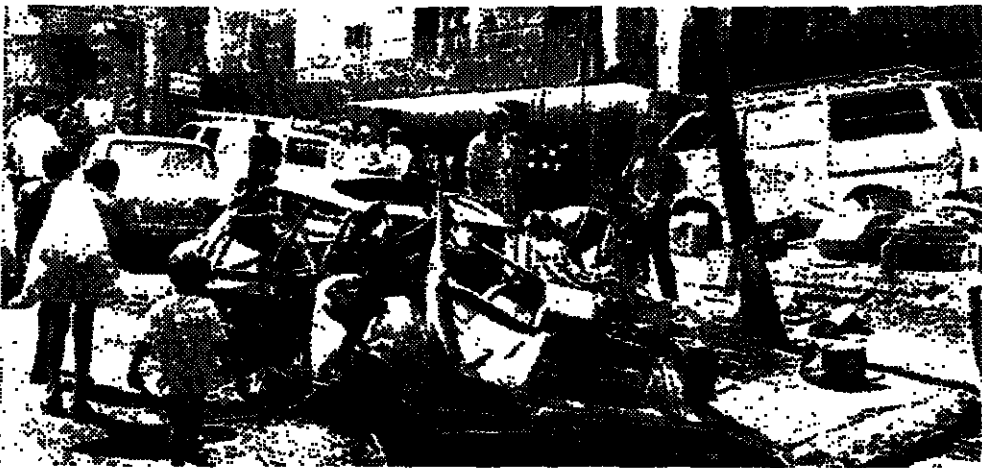
The Maronite Christians, who have controlled the presidency since independence in 1943, see this as a threat.

The Maronite community appeared to close ranks recently when former President Suleiman Frangieh, a Syrian ally, ended a seven-year dispute with the powerful Christian Lebanese Forces militia.

Mr. Frangieh, who was president at the start of the civil war in 1975, and pro-Syrian Moslem leaders have called for the resignation of President Amin Gemayel. But chances that Mr. Gemayel would do so receded after President Hafez al-Assad of Syria received him in Damascus last week.

Meanwhile, in Tel Aviv, a military spokesman said that Israel would release 100 Lebanese detainees Tuesday. They were among those whose release was demanded by the hijackers of a Trans World Airlines plane in June.

About 250 will remain after Tuesday's release. Two other groups were freed in July.



Residents of West Beirut clear away the charred wreckage of a car hit by a shell Monday after a night of bombardment. The fighting endangered new Syrian peace plans.

Uncertainty, Bitterness Among U.K. Miners

(Continued from Page 1)

There are now 164,000 working miners.

Arthur Scargill, president of the miners' union, said at the union's conference in Sheffield in July that the decision to return to work without an agreement was a "fundamental mistake."

"In the present climate," he said, "only industrial action, hopefully involving other mining unions, can stop a pit closure program which, if

allowed to proceed, would slaughter our industry."

Mr. Scargill's remarks prompted hostile remarks not only from both the government and management, but also from Neil Kinnock, leader of the Labor Party. Mr. Kinnock alluded to the possibility of another strike, threatened by Mr. Scargill, as a "fantasy."

But an even harsher blow was dealt the union from the Nottinghamshire miners, who worked during the strike. Conference delegates not only rejected the Nottinghamshire plea for a condemnation of Mr. Scargill but also changed the union's rules to make Mr. Scargill, in effect, president for life.

The Nottinghamshire miners responded by breaking away to form their own union and invited other areas to join them. Although the National Coal Board quickly gave the breakaway group a written assurance it was willing to begin consultations, Roy Lytton, one of the Nottinghamshire leaders, said that the board had played no role in the split and that his group "will be no boss' union."

Its ultimate goal, he said, is to take over the national union.

Leak Alarm Called Failure

(Continued from Page 1)

approximately five minutes" of the leak.

Mr. Henderson said the Carbide plant sounded a warning siren as soon as the leak was detected.

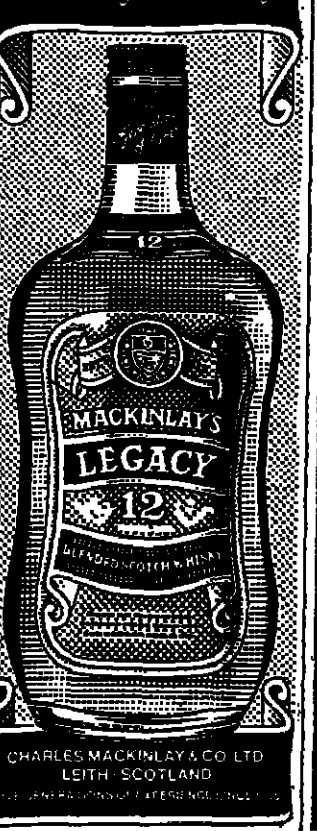
But emergency personnel in Charleston, about 12 miles (19 kilometers) away, were not told, according to Mayor Roark.

"Each municipality is supposed to be notified," he said. "Our command center was not notified." He said the city's public safety director heard it on the police scanner.

An immediate investigation will be made to establish the cause of the accident and the quantity of material released.

About 30 residents were admitted to hospitals with "mild to moderate injuries caused by irritant gases," said David Seidler, vice chief of emergency services for Charleston Area Medical Center.

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Watts After 20 Years: Conditions That Underlay Riot Remain

By Judith Cummings
New York Times Service

LOS ANGELES — An entire generation has grown to adulthood in Watts since rioting there shocked the world two decades ago. Despite efforts to improve conditions, residents still live with high unemployment, gang violence, crowded schools and difficult relations with the police.

Conditions are as bad or worse in South Central Los Angeles today, as they were at the time of the Watts riots, according to a recent joint city-county report.

Watts, a mostly black section of southern Los Angeles, was struck by burning and looting that began Aug. 11, 1965, and went on for six days, leaving 34 people dead, 1,032 injured, 3,952 under arrest, and \$40 million of property destroyed.

The events were considered an explosion of anger and frustration over joblessness, poor schools and services, physical and social isolation from the city as a whole, and police brutality. It was the worst urban riot in 20 years, foreshadowing similar rebellions to occur a few years later in Detroit, in Newark, New Jersey, and in other American cities.

Today Watts, a community of 52,000, has a new hospital, a civic center, and better bus service. A shopping center, named for the Reverend Martin Luther King Jr., opened last winter and includes the first full-service supermarket in the neighborhood since the riot. But those improvements fail to mask the universe of deprivation that is Watts in the 1980s.

The official adult unemployment rate in Watts climbed to 19.7 percent of the work force in 1980 from 11.8 percent in 1960. The city-county report, a study by each government's human relations commission of conditions 20 years after

The Arrest That Started the Trouble on 116th and Avalon

The Associated Press

LOS ANGELES — Twenty years after an arrest that sparked the Watts riots, Marquette Frye surveyed the neighborhood and said: "So much has changed. Yet nothing's changed."

"The trees were bigger then," Mr. Frye said last week as he stood on the spot where he was stopped Aug. 11, 1965, on suspicion of drunken driving. "Police cut them back so we couldn't climb up and throw bottles from there."

But 20 years have failed to change the corner of 116th Street and Avalon Boulevard, the center of the riots.

Mr. Frye did not have a job then, and he does not have a job now. Then 21, he was in his mother's 1955 Buick on his way to a church

parking lot to meet some friends when he was stopped by California Highway Patrol officers. It was the last day of his two-year probation for gang activity and strong-arm robbery.

"It was hot, man, real hot," Mr. Frye said. "Two officers put Mr. Frye through a sobriety test as his friends looked on and others started to gather. Mr. Frye's mother, Rena Frye, and his stepbrother, Ronald Frye, arrived before Mr. Frye allegedly took a swing at one of the officers."

More officers were called and after a fracas, all three Fryes were arrested and taken to the police station. It was just before 7:30 P.M.

"I got angry when I saw them treat my mother wrong," Mr. Frye said. "Yeah, sure, I swung at

them. I was mad. I didn't swing first like they say."

Accounts circulated that officers mistreated the Fryes. Police denied those reports.

The Fryes were released from jail less than a day later and only then, hearing their names on a radio report, learned about the riot.

Then Mr. Frye saw the ashes where the Japanese restaurant, the corner barber shop and the liquor store had once stood near his home.

"I just cried," he said. "People around here, they don't say it was a riot," Mr. Frye said. "They call it the Watts revolt. A riot is just a bunch of crazy folk going crazy without reason. A revolt means overthrow and change."

Watts resident, said recently, as he talked with friends in front of an apartment house on Watt's main street, Central Avenue.

Mr. Randolph said he did not remember the rioting, which occurred when he was 8. He said he knows, however, that he is doing no better than his parents did then, because of what he termed "the cost of living going up like crazy."

He has worked as a warehouse laborer and as a janitor for day-care centers, but he said he has not had any work for six or seven years.

"I've been on hold for a long time now," Mr. Randolph said. "I'll be 29 next month, and my good thing ain't come around right now."

Michael McClister, 30, has been luckier. He earns \$7.60 an hour as a housekeeping porter at a hospital north of downtown Los Angeles. He said getting to work requires a bus trip of as long as two hours each way from Watts.

The biggest problem in Watts today is drugs, Mr. McClister said.

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New Court Tackles Domestic Violence In Chicago Experiment, Victims Learn of Their Rights

By Jillian Mincer
New York Times Service

CHICAGO — Nearly 4,000 women have sought help in the last year and a half at an experimental criminal court here for cases of domestic violence.

Other American cities, including Philadelphia and Seattle, have established civil courts that deal exclusively with domestic violence, but the court in Chicago is believed to be the only one in the United States that is part of a criminal court system.

Proponents say a separate court is needed because judges and prosecutors in the criminal court system frequently fail to inform victims of their rights under the state's domestic violence law and do not pursue such cases.

Margaret A. Luft, director of the Women Abuse Action Project, a coalition of social service agencies working to reduce domestic violence, said: "We felt the law was no more than a piece of paper because it was being ignored by the responsible entities. Most battered women had little or no information about how it worked or where they could get help."

The Illinois domestic violence law, enacted three years ago, enables men, women and children who are victims of domestic violence to seek an order forbidding further violence and temporarily barring the offender from the home. Violation of the order could mean as much as a year in jail.

Ora Schub, a lawyer with the Legal Assistance Foundation of Chicago, said it would have been too expensive to monitor domestic violence cases in each criminal court. Instead, a central court was established in which judges and prosecutors would be better informed about the law and victims would be given legal help.

Almost all of those who have used the court are women. They are guided through the process by court employees trained to assist victims of domestic violence. These advocates refer them to social service agencies and explain legal options. Prosecutors are assigned if the victims decide to press charges or seek legal protection.

Local judges, lawyers and victims have praised the new system.



SUPPORT FOR THE CHIEF — President Ronald Reagan reaches for his wife, Nancy, as they board a marine helicopter in Washington on the way to a California vacation. He is convalescing from cancer surgery.

Soviet Hails 1970 Pact, Warns Bonn

Reuters

MOSCOW — The Soviet Union mixed praise with criticism in messages to Bonn Monday marking the 15th anniversary of a treaty that laid the basis for West Germany's improved relations with Eastern Europe.

Messages from the Soviet leadership to Chancellor Helmut Kohl and President Richard von Weizsäcker, recalling the signing in 1970 of a nonaggression treaty, said that the Soviet Union favored the improved ties.

The messages made it clear, however, that the Kremlin would continue to oppose any moves toward reunification of the Germans.

Soviet press commentators attacked Mr. Kohl's government for its support of Washington's policy on missiles in Western Europe and President Ronald Reagan's plans for a space-based missile defense shield. The commentators also criticized Bonn's rejection of proposals for a mutual nuclear test ban.

The 40th anniversary of the end of World War II has caused strains

between Bonn and Moscow. The Soviet Communist Party newspaper Pravda said Monday that present Bonn policies showed traces of the "activity of those who did not learn the lessons of the war."

Another newspaper, Selskaya Zhizn, or Rural Life, said that relations had deteriorated since Chancellor Kohl's Christian Democrats had come to power, and it accused him of "borrowing the American approach" toward Eastern Europe.

A telegram from Mikhail S. Gorbachev, the Soviet leader, to Willy Brandt, the West German Social Democratic Party leader, who was chancellor at the time of the treaty, praised his "personal contribution" to the accord and said Moscow was prepared to take practical steps to improve trust and cooperation.

Pravda published the text of the messages on its front page, an indication of the importance the Soviet government puts on relations with West Germany.

Pravda said the 1970 treaty was an example for future accords, in that it showed what could be

New List Issued Of Tainted Wines

Reuters

BONN — The West German Health Ministry announced Monday that it had more than doubled the list of wines found contaminated with the antifreeze chemical diethylene glycol to 830, nearly all of them Austrian.

A spokesman said the ministry was issuing a 63-page list including 803 domestic Austrian and 27 West German wines. The list may be requested by dealers and consumers, he said.

Diethylene glycol can damage the brain and kidneys and is potentially fatal. In Austria, 39 persons have been arrested in connection with the scandal.

Vassalo e Silva, 86, Dies; General Defied Lisbon

Reuters

LISBON — General Manuel Antonio Vassalo e Silva, 86, last governor general of Portuguese India, died Sunday in Lisbon.

General Vassalo e Silva defied an order by Portugal's prime minister, Antonio de Oliveira Salazar, to fight to the end against 45,000 Indian soldiers surrounding the Portuguese colonial enclaves of Goa, Daman and Diu in December 1961 and surrendered with his garrison of 3,000. He was expelled from the army but after the April 1974 revolution that restored democracy he was readmitted for his moral courage in taking the responsibility for surrendering.

Other deaths:

Ida Pruitt, 96, a writer and medical social worker who trained China's first modern caseworkers and spent her life promoting Chinese-American understanding, in Philadelphia.

Kenneth Ernst, 67, an artist and creator of the popular comic strip "Mary Worth," Aug. 6 in Salem, Oregon.

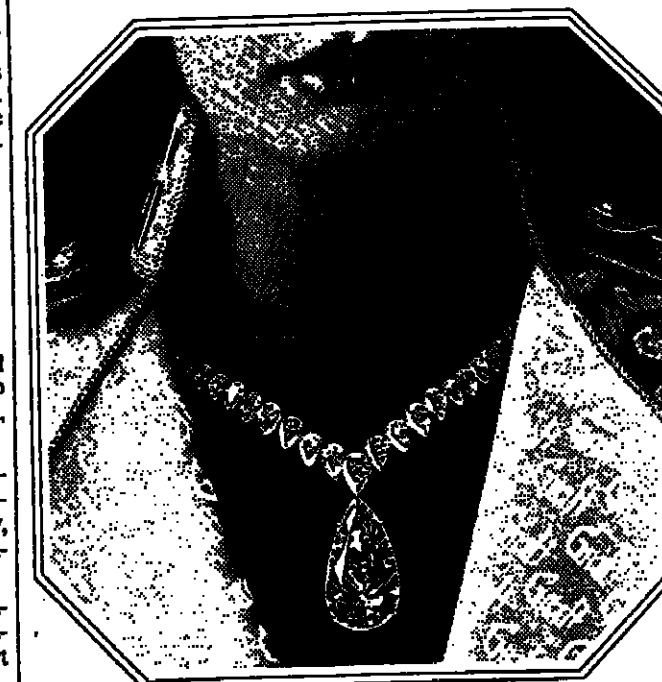
Max Krook, 72, a retired professor of applied mathematics and astrophysics at Harvard University, Aug. 4 in Arlington, Massachusetts.

Richard Abler, 63, the song writer and composer, Friday in Scarsdale, New York, following a heart attack.

Frank Capra Is Hospitalized

The Associated Press

RANCHO MIRAGE, California — Frank Capra, 88, a movie director who won an Academy Award three times, was in fair condition Monday after being hospitalized with "signs of weakness," a hospital spokesman said.

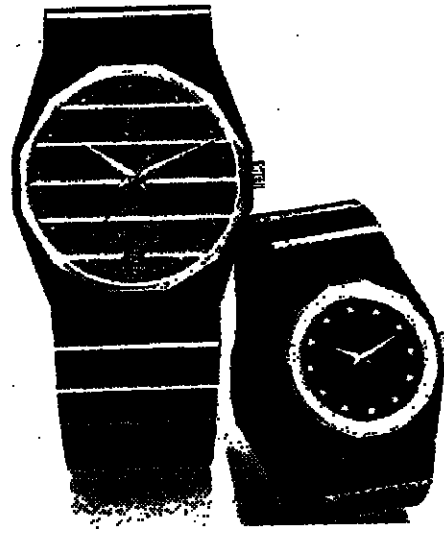


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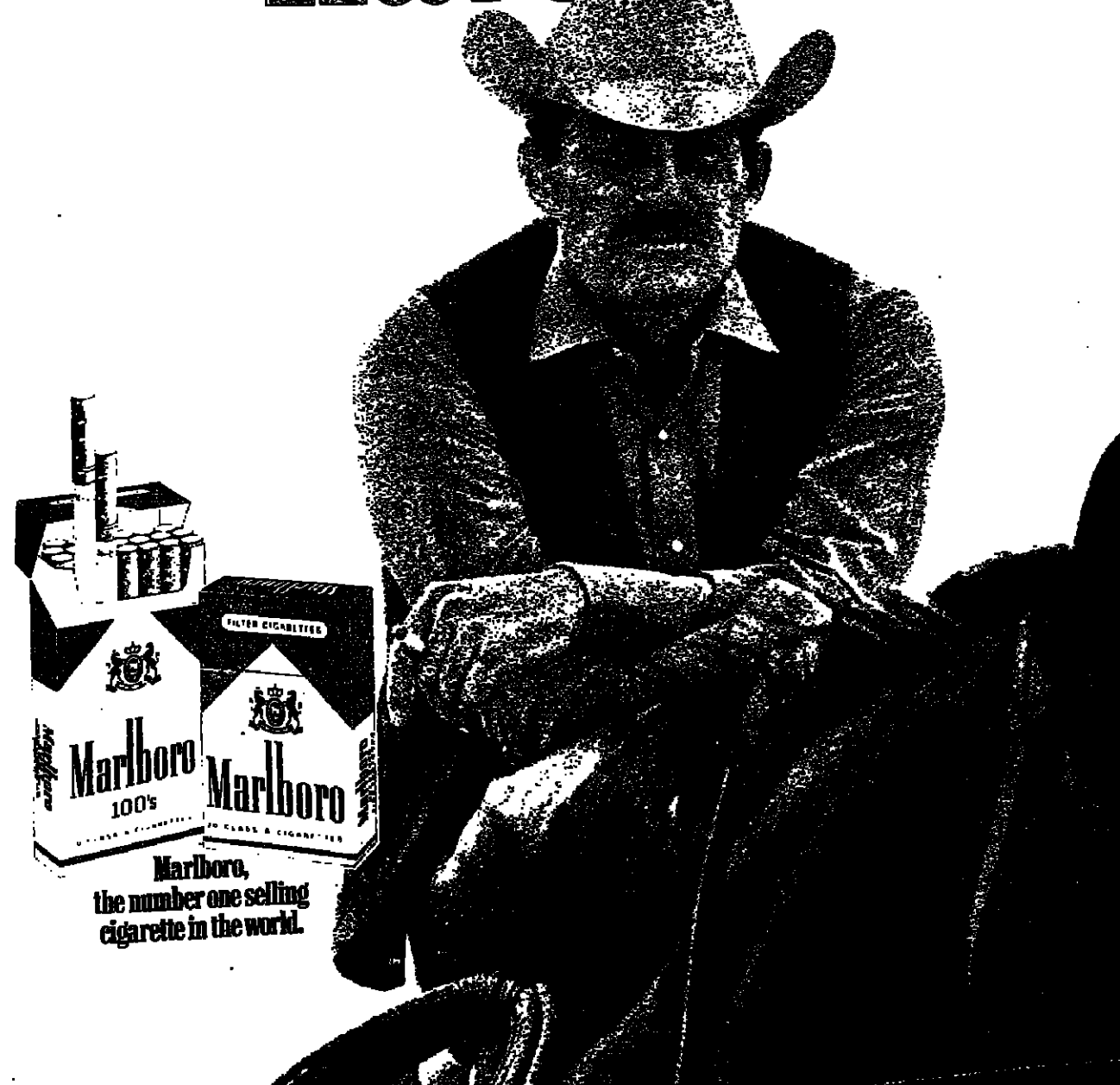
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Britain's Left Looks Ahead

The British Labor Party, together with the unions, has announced its economic platform even though the general election is thought to be some two years off. This is not too soon, given Prime Minister Margaret Thatcher's propensity to follow her triumphs in the South Atlantic and the coal pits with an accumulation of minor errors.

The platform is miles from the promises the miners fought for so bitterly — the defense of existing jobs, however inefficiently performed, by milking the taxpayer. For the left it is a middle-of-the-road message. It displays the traditional faith in economic planning, espousing a periodic national assessment in which government, organized labor and employers (but perhaps not the unorganized consumers) would argue things through to consensus. The problem is that attempts to reach rational and acceptable decisions through such a process have had little success since ancient Greece — whose economy was underpinned not by the consumer but by a slave class.

The manifesto is insular. It prescribes new import curbs, plus exchange control and tax discrimination to discourage capital outflows. It ignores the certainty of trade retaliation by other countries and the beneficial effects of the profits and interest that capital export can earn from abroad. Britain's left has still not thrown off the myopia that set in when the original charms of international socialism faded some 70 years ago.

The manifesto is confusing on privatization, fudging the scope of Labor's intentions for renationalization of the industries that Mrs. Thatcher is busy selling off. Since this particular cycle is about the worst thing that can happen to the major sectors in question,

the Labor platform will not help confidence — a scarce resource in Britain today.

Understandably, the platform's primary target is to reduce unemployment, which stands at around 3.5 million, or some 12 percent of the work force. The plan is to step up public investment and repairs — on sewers and schools, roads and hospitals. Britain needs this to arrest its present dilapidation, and Labor argues that this sort of job creation has the edge over tax reduction because it sucks in fewer imports. But to plan to create a million jobs in two years — twice the recent rate — is probably unduly risky, given the tendency for inflation to accelerate as economic growth picks up. Like most countries, Britain has not yet solved the problem of combining high growth and employment with acceptable price stability.

It is in an attempt to square this circle that the manifesto comes back to the concept of consensus: Government, unions and business agree, at top level, how the national cake should be shared between wage and profit increases, and their wise decisions are faithfully translated into individual bargains struck on the shop floor. This is historically unconvincing in Britain, where cooperation between Labor governments and the unions has been checked at best. The past two decades are littered with solemn and binding agreements that bound no one for long.

Electorates must be wary when politicians make promises: They might try to deliver on them. The best service the Labor manifesto can do is to tempt the rising Liberal-Social Democratic alliance out of its present vagueness and force the divided Conservatives to produce something constructive.

INTERNATIONAL HERALD TRIBUNE

Self-Rule Isn't Optional

It is good news that President Reagan's national security adviser, Robert C. McFarlane, has been putting new pressure on the South African government to move away from its abominable racial policies. Later this week we will see what the results of that pressure are. Meanwhile, there is one minor refrain on this subject that needs a little attention.

As the predictable violence in South Africa has grown, one has begun to hear people saying that the bloodshed and turmoil in fact tend to justify the repression by the South African government — that they demonstrate that South Africa's racial majority is not fit to participate in self-government.

Black Africa — not just that part under Pretoria's control, but all of it — has long been subject to a special standard in this connection. We suppose a case could be made that Hitler's Germany and Stalin's Russia indicate that whites are not ready for self-rule. But no one extrapolates that way where whites are concerned; the sweeping conclusion is saved for the African case. Oddly, when you read about tribal warfare among other races — in

Lebanon, say, or in Indochina — the idea of the tribe is seen as something different. So is savagery on the part of large numbers of people who turn on each other and on those in authority. In South Africa this is viewed as primitive; in Ulster it is viewed as tragic.

The South African government has long been good at interpreting the unhappy effects of its own rule as vindication of that rule. It strips vast numbers of blacks of their freedom, of their capacity to earn a living, of an opportunity to learn and of a chance even to live with their own natures and parents and children. It says to the world, "Look, they don't know how to govern themselves, they are unschooled, they do not live the same way we do. What are you asking us to do?" It cites the violence generated in large part by its own protracted repression as evidence that the blacks under its rule are not responsible people.

The terrible internal violence in South Africa is not evidence that the white government's apartheid policies are right. It is evidence that they are wrong and must be changed.

— THE WASHINGTON POST

Keep the Oil Noose Loose

Times are tough in the oil business. A barrel that brought nearly \$40 five years ago now sells for less than \$28. Oil rigs sit idle in Texas graveyards. Scores of smaller companies hover on the brink. But what is bad for oil is not necessarily bad for America. Indeed, to think back just five or six years is to realize that for the country as a whole, the energy news is wonderful. Then, American necks were caught in an oil noose that foreign producers could tighten at any time — and did. Remember the gas lines that followed the revolution in Iran.

In 1977, President Carter insisted that America would never again import as much oil as it was importing then: about 8.8 million barrels a day. Almost half of total consumption. In part because of oil price decontrol launched then, he was and is right. By 1983, imports were down to a daily average of 5 million barrels a day. For the first six months

of this year the average is still lower, 4.8 million barrels a day. Still a noose, but loose. Holding down demand for energy is not necessarily good news. Nothing restrains demand like recession. But the explanation in America now is conservation. Energy consumption is about the same as in 1973: 74.3 quadrillion BTUs, then, 73.7 "quads" in 1984. Yet the economy has boomed. In constant dollars, GNP has increased 31 percent. America has become vastly more energy-efficient.

Good could be better. It would be an ideal time to impose oil import fees or a new federal gasoline tax simultaneously enhancing more conservation, further weakening the OPEC cartel and yielding new revenues with which to reduce the federal deficit. Import fees would also shore up domestic prices, helping those faltering oil companies in the Southwest.

— THE NEW YORK TIMES

Other Opinion

Botha Has an Appointment

South Africa has an appointment with destiny on Thursday when President P.W. Botha is expected to announce an unprecedented package of reforms of the apartheid system. Appointments, however, are not always kept. On the evidence of his record, Mr. Botha is unquestionably committed to reform to an extent

unmatched by any of his predecessors. His message has consistently been, Adapt or die. [But] apartheid, like slavery, is such a distortion of nature that blinkers are an essential item of equipment for those operating it. The recent disorder, and the increased pressure from outside which has followed, have shifted the blinkers but have not torn them away.

— THE GUARDIAN (London)

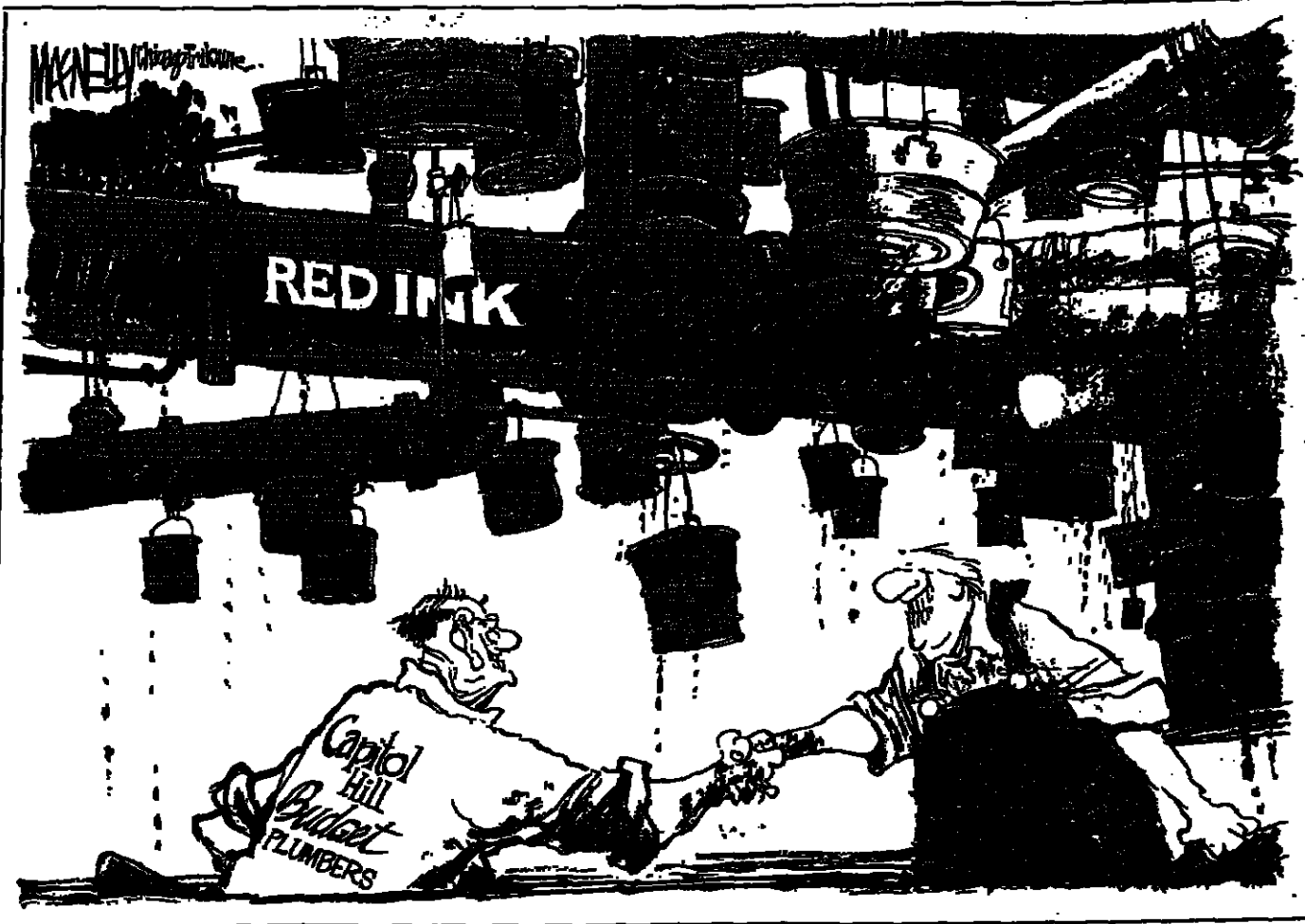
FROM OUR AUGUST 13 PAGES, 75 AND 50 YEARS AGO

1910: Strikers Militant in Spain

SAN SEBASTIAN, Spain — Two hundred strikers at the Bilbao mines attempted to stop work at a Northern Railway station [on Aug. 12] but were dispersed by the Civil Guard. The strikers are excited because the employers announce they will recommence work in the mines with strike breakers. This decision will not be put into practice until Tuesday [Aug. 16] since the Government has decided that it will protect every man who is willing to work on that day if no critical clash occurs before then. Tranquility prevails throughout the rest of Spain. Among the people arrested here for causing a disturbance in the streets last week was Senator Orta, president of the Bilbao Junta, who at first gave another name to the police.

1935: Pessimism at Ethiopian Talks

PARIS — Despite reports on their arrival here that Anthony Eden, British Minister for Foreign Affairs, and Sir Robert Bunsant, Permanent Under Secretary for Foreign Affairs, have brought concrete proposals for a settlement, the conversations preliminary to the Three-Power Conference on the Abyssinian controversy are opening today [Aug. 13] in an atmosphere of pessimism. Hopes generated by the Ethiopian Emperor's concessions and the conciliatory attitude taken by the Italian organ "Affari Esteri" were dimmed yesterday by reports from Rome that the Emperor's proffers were considered ridiculous, and that the "Affari Esteri" reports did not originate from the Italian Foreign Office.



America's Enduring Success Is a Successful Japan

By Anthony Lewis

TOKYO — When Japan surrendered, Douglas MacArthur undertook not just to occupy but to remake the country. If the general had been asked what his most extravagant hope was, I think he might have said: to channel the drive of this aggressive people away from militarism and into economic ambition.

That hope has been realized to an extraordinary degree. It is one of the great achievements of any foreign policy in modern times. But now the country that had the vision and carried it out, America, is in a state of alarm about the successful outcome.

Alarm may be too tame a word, judging by a recent dramatic expression of American feelings about Japanese economic success. That was a piece by Theodore H. White in the New York Times Magazine. Headed "The Danger From Japan," it rang with resentment and threat, expressed in almost military terms. "The power was all ours," Mr. White wrote. "There was no question but that we had won this war." But now Americans are challenged at home by Japanese products.

Those Japanese had better be care-

ful, or we shall strike back — that was the tone of the piece. It charged the Japanese with winning economically by deceit and nationalistic tricks. It suggested that the United States should have been less kind, less enlightened. Presumably, it should have kept Japan in subservient status.

Yes, the Japanese are rough economic competitors. And yes, they have used some unfair tactics in protecting their home market.

But can anyone doubt the main reason for their success? They have made brilliantly designed, reliable, economical products. That is why Americans bought Japanese cars. The visitor here quickly feels the commitment to work, the satisfaction of the most modest shop assistant in doing the job right. Even in an alien language and culture, Tokyo's international airport is easier to manage than Kennedy Airport in New York, with its confusion and squalor.

Those fearful of Japanese competition should think about correcting their own mistakes. Americans waste billions in corporate raids that pre-

vent long-term business planning, for example, while Japanese firms build up loyalty and plan years ahead.

Hobart Rowen of The Washington Post, writing about the White article, noted that the United States last year had a \$20-billion trade deficit with Canada — but no one called that a threat. "Could it be," he asked, "because Canada is white 'while Japan is yellow'?" It could.

Would Americans like the result of the kind of crude protectionist measures against Japan that are now the talk of U.S. politicians? Economic frustration might start to undo General MacArthur's great achievement. The militarist spirit still lurks here and some think it is growing. Even in Hiroshima, sound trucks prowling the streets with right-wing militarist messages — a reminder of the alternative to the economic miracle that has rebuilt that flattened city. Would the countries of Southeast Asia be happier with an economically frustrated Japan? Would China be?

One reason why America lags behind Japan economically is deeply

ironic. It forced Japan to renounce militarism, but it has become a profoundly militarized society itself.

The United States faced a threat from the Soviet Union. But instead of dealing with it rationally, it has again and again exaggerated the threat, seeing "missile gaps" when none existed. Now the compulsion to build more and more weapons is fed by the laboratories, the manufacturers, the politicians, the local citizens who fear there is no other source of jobs.

It is no longer a question of controlling a military-industrial complex," Jerome Wiesner, a scientific adviser to presidents, wrote in the current Bulletin of the Atomic Scientists. It is a question, rather, of keeping the United States from becoming a totally military culture.

By all means press Japan to compete fairly. But begin by understanding that the United States cannot compete effectively while it wastes billions on "star wars" and needless weapons, mortgaging its economic future with immense deficits.

The fault, dear Brutus, is not in our stars but in ourselves.

The New York Times

A Nation of Confidence, for a While

By James R. Dickenson

WASHINGTON — The bomb that burst over Hiroshima and opened the atomic age was not the only explosion triggered by World War II that was to make a profound impact on our lives. The other was the enormous postwar surge of energy unleashed in America, as in the rest of the world.

The United States underwent revolutionary changes, as it had after the Civil War 80 years earlier. In both cases revolution came from marriage of post-war energies and technologies with public policy.

There were enormous differences. World War II was a unifying experience, and the national morale and sense of power were never greater. The Civil War was destructive and divisive, and even in the victorious North many were not sure that they had not lost more than they had won. Nevertheless, the two wars had similar impacts.

After the Civil War the western half of the American continent was settled, and the nation was industrialized and urbanized in relatively short order. Government policy in the form of subsidies to the railroads, encouragement of settlers through the homestead and land grant acts plus a benign attitude toward late 19th century industrial statesmen and robber barons alike was a major factor in this.

Public policy played a similar role after World War II. For starters, it augmented the awesome energies of the nearly 13 million veter-

ans obsessed with the desire to make up what they saw as lost time.

The GI Bill of Rights transformed America from a nation of renters to one of home owners. More important, however, were the educational benefits — the \$75 per month plus tuition, books and lab fees that encouraged more than 8 million of those World War II veterans to continue their education.

Intended partly to keep the returning GIs from flooding the job market, the GI Bill opened up college, which before the war had been the province of the well-to-do few, to nearly everyone. That demolished one vestige of a class society in America. It is impossible to imagine anything that enlarged and strengthened the middle class more than the expansion of opportunities for education and home ownership.

Young men and women who four years before had not dreamed of going to college trooped off to Harvard, Oklahoma A&M, UCLA and Kenyon to become electrical engineers, doctors, sales managers and schoolteachers. Many farm boys got degrees in agriculture; the ever increasing productivity of that industry was one result. Never was an investment of \$14.5 billion, the cost of the World War II GI Bill, so handsomely returned.

That revolution in education was a major factor in a great surge of

national affluence, and not just in the production of goods and services. Sales, advertising and marketing, powerful engines of the private enterprise system, benefited from GIs who started out to be historians or English literature teachers but turned their education to more mundane pursuits.

Postwar affluence and technology, particularly the automobile and television, reshaped society, which was and is organized around the automobile. This led to greater mobility and personal freedom as millions escaped the daily scrutiny of family, church, small towns and ethnic neighborhoods.

There is a down side to this, of course — loss of community and intimacy, weakening of family ties. Affluence and isolation brought problems of their own. Still, no one would ever dream of turning the clock back on the nation's post-World War II accomplishments.

Looking back points up the dramatic contrast between World War II and the Vietnam War. With Vietnam, the accounting has been primarily of pain, division, loss and regret. But victory in the great, two-front effort of World War II was an enormous feat that united Americans and focused energies.

Most Americans were confident 40 years ago that there was nothing they could not do. Twenty-five years were to pass before that assurance was significantly tarnished.

The Washington Post

LETTERS TO THE EDITOR

Investment by Filipinos

In response to "A Manila Financier Looks Abroad" (Aug. 1) by Steve Lohr:

I read with much regret the statement by Enrique Zobel, former head of Ayal Corporation: "If you had money to invest in Southeast Asia, the Philippines is the last place I would tell you to put it now."

I feel compelled to make clear the position of Ayal Corporation. Our investment decisions are based on the proposition that in a time of crisis we must do our part, because if we all adopt a wait-and-see attitude, nothing will ever happen. What the Philippines needs is new investment to hasten economic recovery, and Filipinos themselves should take the lead.

Thus, despite the depressed situation in the microelectronics industry Ayal is in the midst of a \$5-million expansion for Integrated Microelectronics, Inc., an Ayal subsidiary. Believing that food production is a vital area in economic recovery, Pure Foods Corporation, Ayal's food manufacturing subsidiary, is in the final stages of an expansion and diversification program, including investment of about \$0 million pesos. We have invited institutional investors from abroad to participate in the equity of the new venture, and it looks as if we may be able to launch this before the close of the year.

And Ayal has invested some 70 million pesos in land for the development of a new residential subdivision in northern Metro Manila.

On these three projects alone we have in effect committed close to a quarter of a billion pesos in priority thrusts such as exports, food production and residential development. This represents in part our contribution to what we believe should be a national effort to spur our economy.

JAIME ZOBEL de AYALA, Chairman and President, Ayal Corporation, Manila.

No Round Lumber

Regarding "Square-Trunk Trees Found in China" (Science, Aug. 8):

As a mathematician, I was perturbed when I read about the discovery of the species of tree with a square trunk. Why was I not informed as to whether it has a square root?

PETER MCCABE, Paris.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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Growing Ability of U.S. To Detect Nuclear Tests Tipped Off by Officials

By Walter Pincus
Washington Post Service

WASHINGTON — The United States is operating a little-publicized worldwide nuclear monitoring system that is designed to detect all Soviet underground test explosions, according to testimony before Congress and former government scientists.

In June, the United States added a sophisticated seismic array in Norway as part of a program to upgrade the system. Washington is negotiating with another Nordic government for a similar facility, according to sources.

The new seismic arrays, which measure high-frequency signals, will be able to pick up extremely low-yield nuclear explosions at much longer distances than has been possible with a lower-frequency system, operated in cooperation with Norway since 1970.

If the Soviet Union tries to hide tests by exploding a nuclear device inside a large cavern, a scientist said, it is unlikely to be successful because the new arrays can detect tests even under 10 kilometers.

Small underground nuclear explosions are used by the United States and the Soviet Union to test the fissile triggers for hydrogen bombs, as well as small-scale versions of the weapons. They are used less frequently to test the reliability of weapons already in the stockpile.

The ability to monitor these small tests permits U.S. intelligence to keep track of all Soviet nuclear activities, as well as to gather data for verification for any future arms agreements.

U.S. intelligence agencies last week were described by a Pentagon source as "apprehensive" because both Secretary of State George P. Shultz and Robert C. McFarlane, the national security affairs adviser, revealed that "the Soviet Union has conducted three tests within a matter of days" before proposing its five-month test moratorium.

None of those Soviet tests had been announced by the Department of Energy, but the Shultz and McFarlane statements alerted the Soviet Union to the U.S. system's ability to detect the low-level tests.

The backbone of the U.S. detection system consists of seismic facilities in 35 countries, manned by the air force's Technical Applications Center at Patrick Air Force Base in Florida.

Some devices were put in place 20 years ago to study earthquakes, and they have been supplemented more recently with modern units.

Two other systems for monitoring underground tests are also in use. One uses over-the-horizon radar to monitor disturbances in the upper atmosphere caused by shock waves from nuclear explosions.

The other uses microphone arrays to monitor very-low-frequency waves generated into the upper atmosphere by nuclear explosions.

U.S. officials say modernized monitoring arrays are useful both in determining Soviet compliance with the 1974 Threshold Test Ban Treaty, limiting underground tests to 150 kilotons or less, and in gathering intelligence on Soviet nuclear weapons programs.

The new high-frequency array in Norway "should have a big impact on our ability" to monitor all Soviet tests, "even fully decoupled ones," said Jack F. Evernden, a specialist on seismic measurement for the U.S. Geological Survey. He said a second high-frequency array would greatly increase that ability.

The system in Norway receives data from a Soviet explosion and transmits it to a U.S. satellite, which relays it to an analysis center in the United States.

A similar system of five modern seismic monitors exists in the United States and Canada, providing the U.S. center with instant data from several parts of the world.

At the White House, officials said the United States has no plans to resume negotiations on an underground test ban treaty, despite the declaration by the Soviet leader, Mikhail S. Gorbachev, of a moratorium on tests until Jan. 1.

When Mr. Gorbachev proposed the five-month test moratorium July 19, the White House quickly turned it down.

Administration officials said they wanted to be able to continue testing to develop new warheads for the Midgester, a small intercontinental missile, and possible systems for the Strategic Defense Initiative, the space shield against missiles.

TEL AVIV — Foreign Minister Edmond Bar-On said Monday that Israel has no plans to expand its diplomatic relations with the Soviet Union, but that it is maintaining diplomatic relations.

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Japan's Prosperity in Defeat Leaves Some Fearing It Won't Last

(Continued from Page 1)

11 P.M.? How sane and stable can children be when life for them is an unrelenting battle for entrance to a good school?

Modernization has already ravaged many of the old village relationships. Divorce, while low by Western standards, is on the rise. Few young Japanese today say the support of old people is the family's responsibility. As a result, more than 900,000 Japanese women over age 60 are living alone.

Among the countless words based on American ideas the Japanese have adopted is *suicide*, which means stress. There are many ways of coping with stress, including golf, pinball parlors and drinking. The Ministry of Health and Welfare estimated recently that 2.2 million Japanese would benefit from professional treatment for alcoholism.

Prime Minister Yasuhiro Nakasone upset some people earlier this year by suggesting that people take all their allotted vacation time. Leisure is seen increasingly as the key to solving both Japan's spiritual woes and its tensions with foreign governments, which feel that more play will mean fewer exports and more imports.

Looking to the future, Japan is in fine shape, from an accountant's point of view. In the early 1990s, it will be sitting on a mountain of accumulated trade surplus dollars, \$400 billion by some estimates. Japan's emerging role as banker to the world will be confirmed.

Most economists here predict that Japan's large factories will continue to modernize rapidly, putting robots and computers on the assembly line. Industry increasingly raises the value of the raw materials it imports from abroad and resells as finished products.

At the same time, fewer Japanese will work on assembly lines, according to Josen Takahashi of the Mitsubishi Research Institute. The fast growing fields will be the "soft" sides of the factory process, such as design, and computer control of production. These will allow factories to shift away from standardized products toward ones that are customized on the assembly line to each customer's tastes.

Japan will have to keep one step ahead of fast-developing countries like South Korea, Taiwan and

Singapore, which are trying eagerly to catch up. So far, Japan is managing. This year, for example, as South Korea exported its first video cassette recorders, Japan brought to the market the world's first 8mm systems, the next generation in home video.

Japan's emergence as one of the world's oldest populations will pose another economic challenge. There are approximately six working-age people to support every Japanese over 65; by the year 2000, there will be four. Ten years after that, there will be only three. Productivity will have to rise rapidly just to keep things even.

Many older Japanese, meanwhile, fear that the new generation lacks the mettle for the task ahead. The newspapers are full of evidence that shocks the Japanese.

the day will come when Japan will again face poverty and misery. I can't say why, but this prosperity and happy times cannot last forever."

Earthquakes, typhoons and volcanoes have for centuries fostered a belief in Japan that human endeavors are built on sand. Today's prosperity, however, has an added vulnerability. Virtually all the oil and resources that keep Japan lit and humming come from somewhere else.

Every time a rocket hits a tanker carrying oil in the Gulf, Japan is reminded how easily the flow could be shut off. Every time the yen slips or gains a point on the world's foreign exchange markets, corporations and banks around the country feel the effects.

Despite this dependence, Japan, more than any

other industrialized nation, feels ill at ease with things foreign. Japanese shoppers spurn imported goods. Young people who have been educated overseas have trouble finding good jobs because companies fear they might have the wrong attitudes. Some end up going to special schools for deprogramming.

The Japanese government contributed \$40 million last year toward supporting Indochinese refugees in camps in Southeast Asia. But in 10 years it has accepted only 4,300 of them for permanent resettlement here. Crowding is cited, but the government also seems to fear that the cultural homogeneity would be threatened.

At the same time, Japan remains a faceless nation to the rest of the world. Movies, magazines and U.S. government cultural centers give foreigners a feel for Americans and their way of life. Japan, on the other hand, is known mainly by labels on its products.

Thousands of English books are translated into

Japanese annually. But only a handful of Japanese books are published abroad. Yuki Mishima, a single Japanese author, Japanese diplomats sometimes muse that what Japan needs is a personal ambassador — a star on the international tennis circuit, for instance.

Internationalize, the Japanese are told relentlessly. Prime Minister Nakasone has tried to set a personal example. With press photographers following him, he stopped into a Tokyo department store recently to buy an Italian necktie, French sport shirt and British dart game.

The government, arguing that Japan's industrial status has given it new responsibilities abroad, is slowly expanding the country's role beyond that of an exporter. Military and foreign aid are the only two categories of the national budget that are consistently growing these days.

Japan now devotes about \$4.3 billion a year to foreign assistance. Under constant pressure from the United States to contribute more to regional defense, it is conducting a military buildup that has extended deep into the Pacific.

Still, memories of the war and a belief that caution has served it well in the past 40 years continue to restrain Japan from any significant leadership in the world's economic forums. It continues to be a follower of the United States.

More than any other nation, Japan prospered under the world order the United States created after 1945. Despite simmering trade disputes, it continues to view the United States as its best friend. But as Americans fight inconclusively with productivity and deficit problems, Japanese fear their friends and protectors have lost their way.

"We're traveling the same road," said Mr. Yoshino of the Institute for International Economic Studies, dismissing suggestions that Japan is prepared to strike out on its own. "What we miss is a United States that has a comprehensive philosophy and gives us guidance."

NEXT: Survivors remember the war that transformed Japan.

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Internationalize, the Japanese are told relentlessly. Prime Minister Nakasone has tried to set a personal example. With press photographers following him, he stopped into a Tokyo department store recently to buy an Italian necktie, French sport shirt and British dart game.

The government, arguing that Japan's industrial status has given it new responsibilities abroad, is slowly expanding the country's role beyond that of an exporter. Military and foreign aid are the only two categories of the national budget that are consistently growing these days.

Japan now devotes about \$4.3 billion a year to foreign assistance. Under constant pressure from the United States to contribute more to regional defense, it is conducting a military buildup that has extended deep into the Pacific.

Still, memories of the war and a belief that caution has served it well in the past 40 years continue to restrain Japan from any significant leadership in the world's economic forums. It continues to be a follower of the United States.

More than any other nation, Japan prospered under the world order the United States created after 1945. Despite simmering trade disputes, it continues to view the United States as its best friend. But as Americans fight inconclusively with productivity and deficit problems, Japanese fear their friends and protectors have lost their way.

"We're traveling the same road," said Mr. Yoshino of the Institute for International Economic Studies, dismissing suggestions that Japan is prepared to strike out on its own. "What we miss is a United States that has a comprehensive philosophy and gives us guidance."

NEXT: Survivors remember the war that transformed Japan.

Other industrialized nation, feels ill at ease with things foreign. Japanese shoppers spurn imported goods. Young people who have been educated overseas have trouble finding good jobs because companies fear they might have the wrong attitudes. Some end up going to special schools for deprogramming.

Bee Feces Theory Of Yellow Rain Is Reasserted

New York Times Service

WASHINGTON — Five scientists have asserted again that what is called yellow rain is actually "the feces of honeybees."

They say it is not a residue of Soviet weapons using mycotoxins, as the U.S. government has described it.

The group, organized by Matthew S. Meselson, a biochemist at Harvard University, made its report in the September issue of *Scientific American*, released Sunday.

The theory that yellow rain poisons are produced in nature by fungi that grow on the feces of bees was put forth by Mr. Meselson two years ago.

At the time, the theory was dismissed as a "bee feces theory" by U.S. officials, who said the rain was a residue of Soviet weapons using mycotoxins.

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Pentagon's Long Campaign for Toxic Arms Opens New Battle

(Continued from Page 1)

mail in Europe, the House-Senate conference dropped the requirement. But the bill would require the president to consult with allies and prepare a detailed deployment plan. The conferees also approved a nonbinding statement that the new weapons would replace existing stockpiles.

Pentagon officials now insist they have no plans to put the weapons in Europe.

The new weapons are considered safer to handle than the old ones because they contain separate canisters of nonlethal chemicals that mix to form a deadly vapor only when fired. The old weapons already contain the nerve agents in their deadly forms.

Amoretta M. Hoerber, the senior chemical weapons official of the U.S. Army, said that, as a result,

the new weapons could be stored safely in the United States or on ships and flown to the front when a crisis began.

"I honestly don't think it makes very much difference" if the weapons are not put in Europe, Mrs. Hoerber said in an interview.

The Chemical Warfare Review Commission also endorsed that view in its report.

However, John G. Kester, a former Pentagon official who wrote the commission's report, said: "It would be better to have some weapons forward-deployed." He suggested it would be possible to store the heavy shells loaded with just one of the two ingredients in Europe, bringing the missing component of the binary nerve gas in at the last minute.

Critics of this plan have contended that having to whisk the weapons

overseas in a time of crisis would take up scarce cargo space and possibly would raise the level of tensions.

Rep. John Edward Porter, Republican of Illinois, who opposed the new chemical weapons program, said, "If I was a Soviet military planner and saw the U.S. rushing tons of chemical ordnance to the front, I would assume I'm about to be attacked with chemicals and would use mine first."

Testing has been another uncertainty in the new nerve gas weapons program.

After an open-air test in 1968 was faulted for killing a flock of sheep near Dugway Proving Ground, Utah, Congress banned outdoor testing unless the Pentagon certified that it was necessary for national security and the secre-

tary of health and human services concurred that it was safe.

All tests of the proposed new weapons, a 155mm artillery shell and the Bigeye bomb, have been conducted using chemical simulants, with the actual chemical reactions confined to laboratories.

Matthew S. Meselson, a professor of biochemistry at Harvard University who opposes the new weapons, said: "It would be totally unprecedented to issue our troops untested weapons. The simulants they have used are just not like the nerve agent. It's unsafe not to test."

The Chemical Warfare Review Commission has raised another question about the new chemical weapons.

"The shell and the bomb both are the products of 1960s technology," the commission said, "and military weaponry and assump-

tions have altered in the meantime."

The commission said the most urgent military need was a chemical weapon that could reach behind enemy lines to hit airfields, command centers and supply depots. It said the planned Bigeye bomb "is not the optimal solution" because it would expose pilots and valuable aircraft to anti-aircraft fire.

The alternatives, such as chemical ballistic or cruise missiles, "have been neglected by U.S. military planners," the report said.

Counterfeiting Case in U.K.
The Associated Press
RUGBY, England — Three Britons were arrested Monday in an alleged plot to print and circulate \$2.5 million in counterfeit U.S. dollars.

INTERNATIONAL POSITIONS

KUWAIT

University of Kuwait Health Science Centre Faculty of Medicine

Medical Science and Clinical Appointment

Applications are invited for the following appointments in the Faculty of Medicine:

Anatomy

a. Assistant/Associate Professor in Gross Anatomy - 1 post
Candidates should have teaching experience in Topographic Anatomy. Current and active research experience may be in areas of Neuroanatomy, Histology, Growth and development or Gross Anatomy.

Psychiatry

a. Associate Professor - 1 post
b. Assistant Professor - 1 post
Candidates should have experience in teaching and/or research in clinical psychiatry, preference will be given to suitable candidates who speak Arabic.

Medicine

a. Associate/Full Professor in Dermatology - 1 post

Pediatrics

a. Associate Professor - 2 posts
in Paediatric endocrinology Allergy or gastroenterology

Physiology

a. Associate/Full Professor - 2 posts
Preference will be given to general systemic physiologists with balanced experience in teaching and research.

Pharmacology

a. Associate/Full Professor in Toxicology - 1 post
b. Associate Professor in Clinical Pharmacology - 1 post
The applicant for the post of Toxicology should have experience in teaching and toxicological services, such as therapeutic drug monitoring and toxicological screening.

Surgery

a. Professor ENT - 1 post
b. Associate Professor ENT - 1 post
c. Associate Professor in Anaesthesia - 1 post
d. Associate Professor in Orthopaedic Surgery - 1 post
Candidates for surgical posts should have at least 5 years clinical and teaching experience. They should also possess a Ph.D. or higher professional medical qualifications (e.g. F.R.C.S.) in their respective fields.

Diagnostic Radiology

a. Professor - 1 post
b. Associate Professor - 2 posts
c. Assistant Professor - 1 post
Experience in one or more of the following areas is needed: Body-CT, Orthopaedic Radiology, Paediatric Radiology, GI and GU Radiology, and US Interventional Radiology.

Nuclear Medicine

a. Full Professor - 1 post
b. Assistant Professor - 2 posts

Experience research and ability to teach are highly required. Candidates must have been involved in undergraduate and postgraduate teaching and basic and clinical research. Knowledge of computers applied to medicine is desirable.

Organ Transplantation

a. Assistant/Associate Professor in Transplantation Surgery - 2 posts
Applicants should have a background of general, vascular or urological surgery, possess the Fellowship of the Royal College or be certified by a recognised Board of Surgery or their equivalent. They should have 2 to 3 years of training in any area of clinical organ transplantation.

For the Associate Professor another additional 3 to 4 years of practice in clinical transplantation surgery are required.

b. Assistant Professor in Experimental Surgery - 1 post
Applicants should have a background in surgery or immunobiology, possess a surgical Fellowship or a Ph.D. or equivalent and have 2 to 3 years of experience in surgical research preferably in an area related to Organ Transplantation.

c. Assistant/Associate Professor in Clinical Bone Marrow Transplantation - 1 post
Applicants should have a background in haematology, oncology or immunology, with Postgraduate Fellowship, Membership of Certifying Board in the specialty and have 2 to 3 years of training in Clinical Bone Marrow Transplantation.

For the position of Associate Professor 3 to 4 years of experience in clinical Bone Marrow Transplantation will be preferred.

d. Assistant/Associate Professor in Transplant Intensive Care - 1 post
Applicants should have a background in Anaesthesia, Respiratory Care or Metabolism, possess the appropriate Fellowship, Membership or appropriate Board Certification or equivalent and have 3 to 4 years of experience in the field.

Biochemistry

a. Associate Professor - 2 posts
b. Assistant Professor - 1 post

Pathology

Histopathology/Cytology
a. Full Professor - 1 post
b. Associate Professor - 1 post
c. Assistant Professor - 1 post
Clinical Chemistry:
a. Full Professor - 1 post
b. Associate Professor - 1 post
c. Assistant Professor - 1 post

Microbiology

Clinical Immunologist:
a. Associate Professor - 1 post

1. Candidate should be experienced in Clinical Immunology with a minimum of 3 years experience in the routine operation of a routine clinical immunology laboratory.
2. Candidate should have a Ph.D./MD and Professional

qualification e.g. M.R.C. Path or American Board or equivalent degree.

Clinical Virologist

a. Professor/Associate Professor - 1 post
1. Will be responsible for viral serology unit which mainly involves hepatitis and rubella serology. He will be responsible for cell culture laboratory, virus isolations and preparation of viral antigens and antisera. Both jobs include teaching, research and clinical work.
2. Clinical Virology experience. MD, Ph.D. M.R.C. Path or equivalent. Internationally known for work in clinical virology.

Virologist

a. Associate Professor/Assistant Professor - 1 post
Job description:
Basic virology research, or molecular virology. Teaching undergraduates and postgraduates. Research in basic virology. Ph.D. with sound research experience.

Community Medicine and Behavioural Sciences

a. Associate Professor in Medical Psychology - 1 post
Applicants should be able to demonstrate teaching and research competence. Preference will be given to candidates who have experience in teaching introductory and medical psychology courses to medical and allied health students, and who are interested in contributing to the development of postgraduate programmes.

b. Associate/Full Professor in Epidemiology - 1 post
Assistant/Associate Professor in Epidemiology - 1 post
Applicant should be able to demonstrate teaching and research competence in the application of epidemiological methods to either etiological or health services development problems. The successful candidate is expected to take active part in undergraduate and post graduate teaching, using field demonstration and small group teaching techniques. He would be encouraged to follow his own line of research in addition to assisting the Department, Faculty and Ministry staff in the design and conduct of quantitative studies.

REQUIREMENTS FOR APPOINTMENT

Applicants should possess a Ph.D. or higher professional qualification, i.e. F.R.C.S., M.R.C.P. etc. in their respective specialty and have conducted and published research in their field. Professors should have 14 years' experience, 4 as an associate professor or its equivalent, i.e. senior lecturer or reader. Associate Professors should have 9 years' experience, 4 as an assistant professor or its equivalent, i.e. lecturer.

CONDITIONS OF APPOINTMENT

Salaries: Total monthly salaries will be within the following scales according to qualifications and experience (KID = \$25, US\$3.2 approx.).
Professors with clinical appointments = KID210-KID1370 (8 increments).

Professors medically qualified with medical science appointments = KID140-KID1300 (8 increments).
Professors non-medically qualified = KID1070-KID1230 (8 increments).

Associate Professors with clinical appointments = KID 989-KID1149 (8 increments).
Associate Professors medically qualified with medical science appointments = KID 932-KID1092 (8 increments).
Associate Professors non-medically qualified = KID 875-KID1035 (8 increments).

Assistant Professors with clinical appointments = KID 768-KID 928 (8 increments).
Assistant Professors medically qualified with medical science appointments = KID 724-KID 884 (8 increments).
Assistant Professors non-medically qualified = KID 680-KID 840 (8 increments).

Clinical Supplements: In addition to the above university salaries there will be monthly clinical supplement paid by the Ministry of Public Health for 10 months a year to medical school staff with clinical service commitments.

These are: Professor and Chairman KID250

Parties Proliferating In Tolerant Atmosphere Of Post-Junta Brazil

By Alan Riding

New York Times Service

RIO DE JANEIRO — If democracy means the right to form political parties, political freedom is rampant in Brazil. Since the armed forces stepped down in March, 25 new parties have been legalized and more are waiting in the wings.

The five parties permitted to operate in the final stages of the 21-year military dictatorship remain the only ones with widely recognized initials, yet even they are adding to the alphabet soup as dissidents form their own movements.

The result has been confusion, caused not only by the multiplication of parties, but also by the similarity of their names. Six parties describe themselves as "democratic," five refer to "workers" and three use the word "liberal." There is a PRT and a PTR, a Brazilian Communist Party and a Communist Party of Brazil.

In November, the strength of old and new parties will be tested in mayoralty elections in state capitals. As the first elections since the dictatorship ended, they also will gauge the country's thinking before legislative elections next year, and they may even create favorites for the first direct presidential elections since 1960. Those elections are expected to be called in 1988.

The spontaneous organization of new parties reflects a level of energy that is new, said Candido Mendes, a political scientist. "But is this the best way of channeling the population's aspirations?"

Some experts say they see the phenomenon as a natural reaction to the lifting of a wide range of political controls, including limitations on the right to form parties and strict requirements of party loyalty. Pent-up ambitions and long-proscribed ideas suddenly are being set loose.

Yet the galaxy of new parties also reflects the traditional weakness of Brazil's political movements. Even before the 1964 coup, they were built around regional in-

terests or charismatic individuals rather than clear ideological positions. They rarely displayed much internal democracy, with candidates selected behind the scenes rather than at conventions.

Therefore, it proved easy for the military regime to dismantle the existing parties and decree two new parties — one pro-government, the other in cautious opposition — into existence. As the country prepared to return to democracy in the early 1980s, these two parties were forced to change their names, while three new opposition parties were authorized to run candidates.

By last year, even this structure had begun to disintegrate, with an important faction from the governing Democratic Social Party defecting to a new party, the Liberal Front. This faction in turn backed Tancredino Neves, the Brazilian Democratic Movement's candidate for president, in an electoral college vote seven months ago.

But after Mr. Neves died without taking office and his running mate, José Sarney, became president, the governing coalition began to fall apart as squabbling erupted between and within its two parties. Communist legislators who had been elected in 1982 under the Brazilian Democratic Movement's banner left to form their own bloc.

"The end of restrictions over parties made it more complicated to maintain discipline and order," said Senator Fernando Henrique Cardoso, the government's spokesman in Congress. "Anyone could leave and form his own party."

Aspasia Alcantara de Camargo, a scholar who has written extensively about Brazilian politics, said: "Political parties do not enjoy public credibility. And the standing of Congress is even worse."

Recently, the image of Congress was further bruised when seven members were photographed voting twice on important bills and when they escaped with only a reprimand.



It was raining in Bamenda when Pope John Paul II arrived on Monday and he did not conceal his opinion of the weather.

Pope Warns Africans on Birth Control

Reuters

BAMENDA, Cameroon — Pope John Paul II urged Africans on Monday to ignore ideas from the developed world on limiting the size of families by contraception and abortion.

On a visit to Bamenda, in the English-speaking western part of the country, the pope praised the high value Africans traditionally placed on children.

He said these were threatened by "a powerful anti-life mentality," a term the Roman Catholic Church uses for artificial birth control and abortion.

This mentality, the pope said, is widespread in developed countries and is being passed on to developing nations as if it were the prelude to development and progress.

He warned against "the path of selfish materialism and consumerism which have produced so much suffering in other parts of the world and which you, too, are now beginning to experience."

The church, the pope went on, recognizes the problems of population pressure faced by African countries. He referred to the rhythm method of birth control favored by the Vatican.

Africa has the highest birth rate of any continent and many governments are working with Western aid to spread the techniques of artificial birth control. The church is often criticized for its absolute ban on contraception, especially in light of severe famine in African regions.

A Lisbon Witness Dies of Wounds

Reuters

LISBON — A key witness in the terrorism case against Lieutenant Colonel Otelo Saraiva de Carvalho, a hero of the 1974 revolution, and 51 others linked to a leftist guerrilla group, died Sunday in a hospital of bullet wounds, doctors said.

The witness, José Manuel Rosa Barradas, 34, was shot in an ambush on July 19, three days before the trial was to open. The guerrillas claimed responsibility for the shooting.

Mr. Barradas, one of 73 charged in what has been called Portugal's trial of the century, was among several who had agreed to testify for the prosecution.

A legal battle is expected when the trial resumes Oct. 7, to determine whether the court can admit testimony he gave during preliminary hearings.

The pope brushed off such criticism, quoting from an apostolic exhortation he wrote on the family that "human life, even if weak and suffering, is always a splendid gift of God's goodness."

"This does not mean that the church fails to recognize the grave problems posed by population growth in some parts of the world," he said. He urged Catholic leaders

to work harder to spread the understanding of natural contraception.

The pope, on a tour of seven African countries, arrived in Bamenda in a light rain to a rousing welcome from about 10,000 Catholics gathered next to the airport.

In his address, which he delivered in English, the pope reaffirmed teachings on divorce.

Noting the answer of Jesus Christ to divorce, the pope said the

answer was being given again. "This answer says that marriage is a permanent and unbreakable covenant between a man and woman," he said.

Referring to Africa, where polygamy and trial marriages are common, he said Christians should "live their marriage and family covenant as a sacramental manifestation of the union of Christ and church."

Insurgents in Uganda Said to Expand Control

The Associated Press

KAMPALA — Guerrillas who have resisted ending a four-year insurgency, despite the overthrow last month of President Milton Obote, are now in control of most of western Uganda, according to reports received here Monday.

The reports of the rebels' gains came a day before peace talks.

The latest garrisons taken by National Resistance Army guerrillas are in the two largest cities in southwestern Uganda — Mbarara, about 180 miles (288 kilometers) from Kampala, and Kabale, 85 miles further southwest, according to frequent reports that could not be confirmed.

Reliable sources in south-central Uganda, who asked that their names not be used, said other rebel units were converging on Nakaseke, 30 miles north of Kampala, with the apparent intention of establishing a major base.

Both there and in the west, soldiers loyal to the new government were reportedly disarmed with little or no resistance.

Two other western cities with military garrisons, Fort Portal and

Kasese, fell to the rebels before the July 27 coup.

The National Resistance Army, led by a former defense minister, Yoweri Museveni, is the largest of several guerrilla groups that had been fighting Mr. Obote's forces.

Lieutenant General Tito Okello, the new head of state and chairman of the military council, announced Saturday that he and other leaders would go to Tanzania for talks with Mr. Museveni on Tuesday.

The guerrillas have said repeatedly they are willing to discuss power-sharing arrangements. Their principal condition — based on a refusal to recognize the new government — was that General Okello present himself only as army chief, not as head of state.

In another development, a Roman Catholic newspaper, Munno, reported that at least five persons were killed in a weekend of looting.

The incident occurred Saturday night and early Sunday in Jinja, Uganda's second-largest city, when soldiers fired into the air and then set upon people who had gathered to welcome Yoweri Museveni, a former transport minister who had been freed from detention.

Actor Aids in Surgery On Salvadoran Rebel

By Marjorie Miller

Los Angeles Times Service

SAN SALVADOR — Mike Farrell, the actor who for eight years played a surgeon in "M*A*S*H," the television comedy set during the Korean War, found himself in a real operating room last week helping a Los Angeles doctor perform surgery on a captured Salvadoran guerrilla commander.

Under heavy police guard, Mr. Farrell and a neurosurgeon, Alejandro Sanchez, worked for two and a half hours to restore use of the right hand of Nidia Diaz, a commander of the Revolutionary Party of Central American Workers, a faction of the Farabundo Martí National Liberation Front.

Miss Diaz was captured after being shot in the arm, foot, back and hand during a guerrilla clash with the Salvadoran Air Force in San Vicente province in April. U.S. human rights activists and doctors examined her soon after she was taken into military custody, and when they found that she had lost the use of her hand, they began to press for the operation.

Miss Diaz first gained international attention when she represented her group in peace talks last October between the Farabundo Martí front and the government of President José Napoleón Duarte. The armed forces announced after she was captured in April that she was carrying important guerrilla documents at the time.

Her guerrilla faction, known by its Spanish initials PRTC, claimed responsibility in June for the shoot-

ing deaths of four U.S. marines and nine civilians at cafes here.

The operation on Miss Diaz was arranged by Medical Aid for El Salvador, a Los Angeles-based organization that provides medical supplies and humanitarian assistance, usually to civilian casualties of the war.

Sand Brim, executive director of Medical Aid, said the group got involved in the Diaz case because they felt she was being denied proper medical treatment.

Mr. Farrell, 46, who has been active in human rights and refugee work in Central America for three years, said he traveled to San Salvador as an observer of the operation for Amnesty International, the London-based human rights organization.

He said he had no medical training and had not intended to participate in the operation, which took place Friday at an unidentified private clinic here.

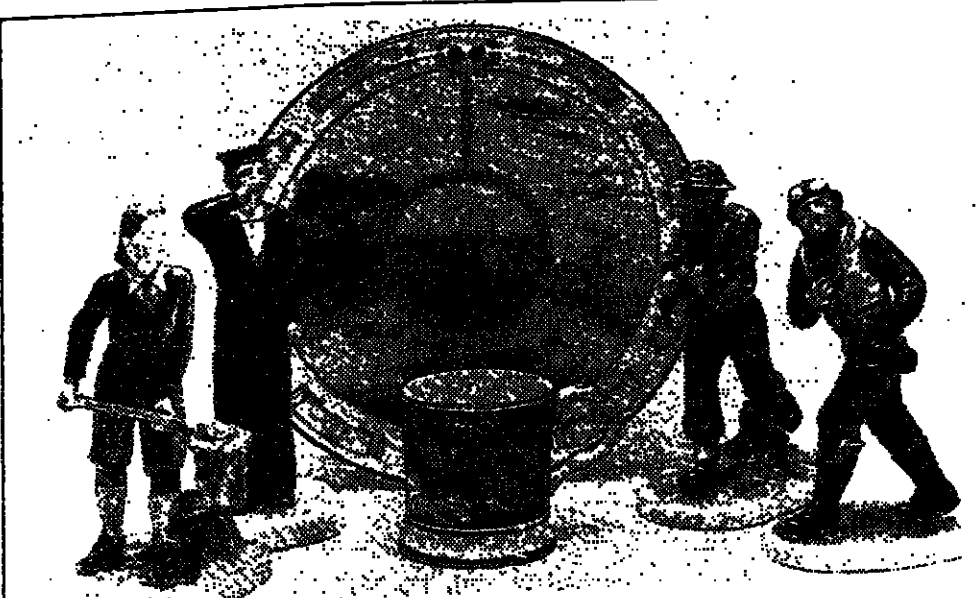
Mr. Farrell said Dr. Sanchez told him he needed help just before the operation, since the case was "too much of a hot potato" for local surgical aides to handle.

"I know this is going to look like a stunt, but that's too bad," he said.

"It isn't."

He said a guard with a surgical mask stayed in the operating room and that several armed guards stood outside.

Major Carlos Aviles, a spokesman for the armed forces, said the operation was successful. Dr. Sanchez could not be reached for comment.



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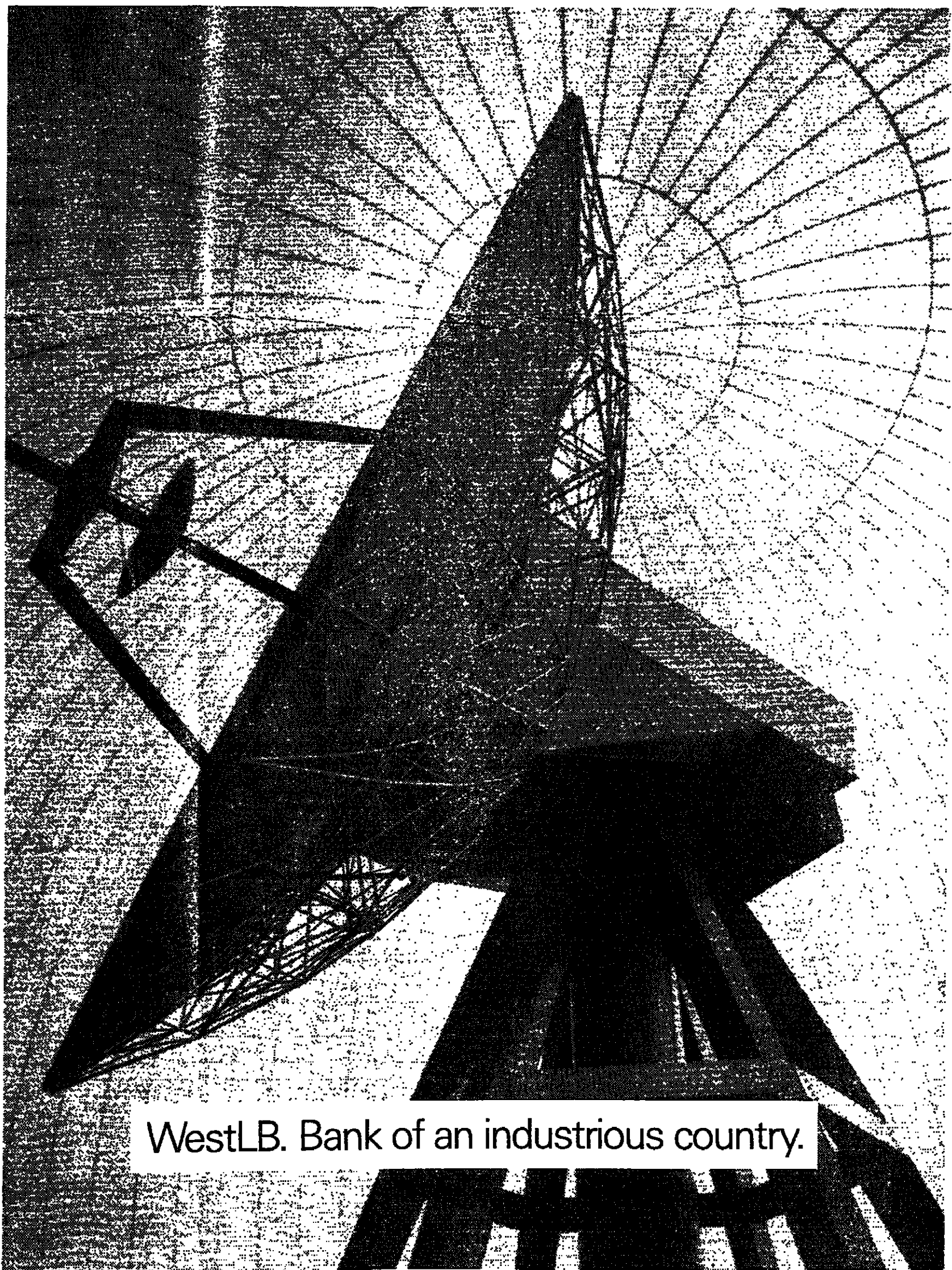
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ARTS / LEISURE

Heating Up Siberia With Jazz' Warmth

By Michael Zwerin
International Herald Tribune

PARIS — It was minus 40 degrees Centigrade (minus 40 degrees Fahrenheit) in Novosibirsk. Alexander Ivansky's hands, as he waited 35 minutes for a bus, stuck to his face when he rubbed it. But after the sun, frozen streets, the saxophonist Vladimir Tolstoy's version of "Satin Doll" in the sold-out, 700-seat hall burned off the chill. "You really appreciate the warmth of jazz," said Ivansky, who emigrated to France in June, "when you have to fight the environment to hear it."

Calling Novosibirsk "the capital of Russian jazz," he compared it with 1960s Paris, where American avant-garde musicians who could not get accepted at home were developing their new "free" style. Moscow, "over the Urals," is like New York — the marketplace.

"It may be hard for Westerners to comprehend, but it's very simple," Ivansky said, shrugging. "In the European part of Russia, you can buy something to eat. Shopping in Siberia is like hunting. Every day you must hunt."

Ivansky was born in Novosibirsk 30 years ago. After studying physics and mathematics, he was awarded a fellowship in Akademgorodok, a nearby scientific center. He listened to Bill Evans, transcribed his solos, practiced them on the piano. But he was always an amateur musician. Then he became a correspondent for Jazz Forum magazine, published in Warsaw.

"I was a communicator," he said, in passable English. "I told the world about Siberian jazz. I had access to foreign media because my wife, Anne, is French. I borrowed films from the French Embassy — Michel Petrucci with Charles Lloyd, Memphis Slim, Sun Ra, a documentary about the Nimes Festival. You cannot imagine the isolation out there. These films had a great impact on the musicians of Novosibirsk."

He calls them "a tight circle."

They huddle together under the umbrella of "Creative Jazz Unity," an organization that has been presenting festivals, concerts and symposia for 10 years. "These exceed in

musical quality, geographical scale and organizational complexity the official Philharmonic programs," Ivansky said. "But CJU is not recognized officially. It cannot have a bank account. Who are they? Scientists, intellectuals, doctors. Officials do not welcome such private organizations. Its members work very hard and receive nothing but moral satisfaction."

The CJU president, Sergei Belchenko, a medical researcher who also plays drums, was interviewed by Ivansky in Jazz Forum. "Siberian jazz has only really existed for five years, since clubs appeared in cities like Kemerovo and Krasnoyarsk." To this, Ivansky adds: "Many CJU musicians have built solid reputations on the Soviet jazz scene. The trombonist Victor Budarin won the Soviet critics' poll from 1978 to 1983; Igor Uvarov seems to be the only competent vibist in the Soviet Union. And in the past two or three years, interesting groups have begun to appear in Leningrad."

The critic Efin Barban was an "ideological leader" who spread the word about Siberian jazz in a private newsletter before emigrating to London. He made 30 copies, the legal limit for such an unofficial journal. They circulated hand to hand. Gunther Schuller, touring the country leading his New England Conservatory Ragtime Ensemble, told Barban: "I was more impressed by the quality of the jazz I heard in Novosibirsk than anywhere else."

Ivansky quoted Schuller with pride, while admitting that other cities — Leningrad, Tbilisi, Vilnius — have produced better known names, such as the Vyacheslav Ganelin trio. Belchenko used the AACM, the cooperative that gave birth to the Art Ensemble of Chicago, as a model of an organization run by and for musicians. The CJU sponsored a "Symposium of Contemporary Music" in 1977, bringing jazz musicians together with representatives of contemporary classical music. "These were people tired of playing the same old standards in their forms," Ivansky said. "All five concerts were sold out. Many critics were invited to Novosibirsk and they wrote positive reports."



Alexander Ivansky

There is a Siberian Jazz Festival about every two years ("We are never sure it will happen until the last minute"), with a concert or so a month in between. Otherwise the musicians "work s-jobs in restaurants where they make good money but degenerate because they have to play superficial pop songs and they drink very much every night."

Things are more or less the same everywhere in the Soviet Union: "Jazz is tolerated but not encouraged. Nobody is sent to prison for it, but to play this music involves sacrifice." There are about 12 groups authorized by Gosconert, the official state booking agency, to play jazz. "They can make a living at it, but not the others. For a CJU concert, musicians get paid only if there's a positive balance."

Belchenko told Ivansky in Jazz Forum: "I dream some day of forming a Siberian Jazz Association. Then maybe an Asian one."

Ivansky appears to have had much of the capacity for laughter wrung out of him. He and his wife read a copy of "1984" in Novosibirsk and agreed that reality was worse than the book. "Life is terrible in Siberia," he said. "You must live with a lot of contradictions. As with Negroes in the States, great energy is combined with enormous frustration. But contradiction can be good for an art form."

U. S. Consumers Baffled by Oversupply of Choice

By Lisa Belkin
New York Times Service

NEW YORK — There are nearly 300 long-distance telephone companies in the United States today, and 23 flavors of Nine Lives cat food. Revlon makes 157 shades of lipstick (41 of them pink) and the Tower Video store offers 5,000 video cassettes for sale or rent. The Love drugstore chain carries 41 varieties of hair mousse. Across the United States, consumers and consumer advocates are beginning to wonder if there is such a thing as too much choice.

It is a question that many never thought they would be asking. As director of consumer services for the New York state Public Service Commission, Lisa Rosenblum has spent a career promoting consumer choice. But for the past two years she has fielded calls from customers baffled by AT&T's breakup. "We may have reached a point," she said, "where there are so many choices and so much information that people simply can't decide."

"As a society we have become attached to variety, to many, many versions of the same thing," said Bernard Phillips, a professor of psychology at Boston University. "But what good is it really? When it comes down to it, you can only take one purchase home."

All over, there are signs of bewilderment. Nearly 48 percent of the 40,000 members of the Airline Passengers Association in Dallas listed "confusion" as the primary result of airline deregulation, and 63 percent of respondents to a survey by American Express said there were so many products on the market that it was difficult to choose between them.

At Tower Video, the tempo of the background music and size of the floor staff have been increased to keep customers moving. "People were spending all night deciding," said Joe Medwick, store manager. "Even now we've only cut the average time to 15 minutes."

As choices and confusion increase, sources of information to answer consumer questions seem to be increasing as well. The Better Business Bureau of Metropolitan New York received tens of thousands of requests for its report on long-distance phone companies.

At Consumer Reports magazine, circulation has reached 3.4 million,

the highest in its 49-year history. "There are more products than ever before in virtually every category and many are more complicated than ever before," said David Berliner, a spokesman for the magazine. He said readership had increased in part because "people feel overwhelmed."

Much of the expansion of options can be traced to the deregulation of major industries in the last five to ten years. "As a result of deregulation, the theme of the '80s is choice," said Barbara Berger Opatowski, president of the Better Business Bureau of Metropolitan New York. "Never before have consumers had as many choices in areas like financial services, travel and telephone service."

The breakup of AT&T created seven regional telephone companies instead of one national and paved the way for about two dozen long-distance phone companies in the New York area and about 300 throughout the United States. Regulation of airline fares ended in 1978 and now "there are more flights, more airlines, more fares," said Dan Smith, manager of consumer and industry affairs for the Airline Passenger Association.

Recent changes in financial services include eliminating the interest ceiling on saving deposits, expanding money-market funds and individual retirement accounts, availability of interest-bearing checking accounts and electronic methods of transferring funds, said Meredith Fernstrom, senior vice president for public responsibility for American Express.

"Coming all at once, this can be highly confusing," Fernstrom said. "It takes longer to make informed decisions and people tend to make them on habit rather than on information."

A decade ago the average supermarket carried 9,000 items. Today it carries 22,000, said Robert Wunderma, a vice president of Pathmark supermarkets. A study by the Manhattan advertising agency Dancer Fitzgerald Sample found that 235 new items were introduced to consumers in May, the highest total in the 21 years since the monthly survey began. Among the new products was a new-woman-shaped Gummi Bear candy and a felt-tipped pen designed for polishing nails.

"We have aisles of shampoo, shelves of granola bars, 23 varieties of Nine Lives cat food — and the cat isn't even the one who decides," Wunderma said. "It's probably better that way. Now only the people are confused."

Manufacturers and retailers emphasize that the ever-expanding variety in the marketplace is an attempt to cater to, rather than confuse, the consumer. Of the 157 shades of lipstick, Nancy Riddon, a spokeswoman for Revlon, said: "There is someone who wants each of them, or they wouldn't be there. We don't make products to sit on the shelf."

The company is stressing its plethora of colors in magazine ads. "Sweet confusion," reads the headline beneath a picture of a lipstick tube: "41 shades of pink, 29 shades of coral, 18 shades of red, 17 shades of purple, 24 shades of brown, 25 shades of wine."

"A lot of people are spending a lot of time on choices where the differences are not all that profound," said Dr. Norman Sussman, a psychiatrist at New York University Medical Center. "The black video-cassette recorder versus the silver one. Will it make any difference once you get it home?"

Many consumers seem to agree. "About a year ago I vowed never to set foot in a department store again," said Leslie Slateman, who had just finished trying on a dozen pairs of jeans before finding the right one. "You go to a department store to find a white shirt and there are a zillion different departments that might have white shirts. By the time you get to all of them you don't feel like buying anything. Now I stick to small stores with no escalators."

"Tell them to bring back primary colors for clothes," said Linda Burnett, a travel agent in Washington. "Nowadays the blouse isn't pink, it's dusty rose. The suit isn't gray, it's battleship gray. It's impossible to buy anything that matches anything else."

More and more consumers seem to be simply deciding not to decide. Of the more than two million telephone customers in New York state who were asked to choose

among two dozen long distance companies, 67.5 percent have left it to New York Telephone to make the decision for them. Though a variety of high-interest-bearing accounts are available and well-advised, more than \$250 billion remains in statement savings accounts earning 5.5 percent interest, said Stephen Brobeck of the Consumer Federation of America.

But choices are not likely to go away. On a recent evening, Martin Opaline rommed the aisles at Tower Video with two friends, trying to choose a tape to go with their Chinese food. They rejected some movies because they had seen them, others because they did not know what they were about. Some were too heavy to suit their mood, others too light. Some were too long to sit through, others too short to fill an evening. After nearly half an hour of considering tapes, someone suggested that they close their eyes and choose, rather than miss an evening's entertainment.

"You've got it wrong," Opaline said. "Deciding has become the evening's entertainment."

Dog and All, Edinburgh Fest Opens

By Graham Heathcote
The Associated Press

EDINBURGH — A French orchestra opened the Edinburgh Festival on Sunday night by playing a capacity audience of 2,500 people and one dog.

Celists of the Orchestre National de France, conducted by Charles Dutoit, were tuning up when they looked over the edge of the platform and saw a golden Labrador lying on the floor before the front row in Usher Hall.

Katherine Smith, who has been blind all her life and is now in her 70s, said she took her seeing-eye dog to the concert "because I didn't like to leave her on her own for so long."

The dog, Gaye, age 6, dozed throughout the two-hour concert but lifted his head in apparent surprise when the drums and cymbals banged and clashed.

"She's very placid and quiet, like most Labradors, but I could feel her jerk and wriggle during the very loud bits," said Smith. "I've never known her to bark during a concert."

When Smith stood for the national anthems of Britain and France, so did the dog. During the long applause at the end of the concert, Gaye stood and wagged its tail.

Gaye was presented to Queen Elizabeth II last month when the monarch opened a new shopping center in Edinburgh.

"The queen came over and spoke to Gaye and then to me and asked where she was trained and how long I had had her," Smith said.

The orchestra, returning to the three-week Edinburgh Festival for the first time since 1950, received a six-minute ovation after playing Debussy's "Marche écossaise" and

"La Mer" and Ravel's "Daphnis and Chloe" suite. Its encore won a further five minutes of applause.

To save everyone's feet, the French ambassador to Britain, Jacques Viot, ordered three of the six verses of Berlioz's eight-minute arrangement of the Marseillaise to be cut from the Edinburgh Festival Chorus's rendering. The gesture, however, drew a rebuke Monday from Conrad Wilson in The Scotsman newspaper of Edinburgh.

"Alas, poor Berlioz," the critic wrote, complaining "the censor was subjected to excess by French musicians during his lifetime. More of the same was what was expected in 1985 on the opening night of an Edinburgh Festival setting out to celebrate French music," he said.

Wilson said he enjoyed the rest of the concert, though. This was more than could be said by Michael Tunstall in the Glasgow Herald. "The performance strangely lacked any soul — it featured brilliance without voluptuousness and ended a cool charm devoid of warmth," he wrote.

The festival theme this year is the "Auld Alliance" between Scotland and France against England, their common enemy for centuries.

Haunting Reverberations In Roeg's 'Insignificance'

By Sheila Benson
Los Angeles Times Service

LOS ANGELES — "Insignificance," an intelligent, satiric comedy, brings together four 1950s icons on a sweltering Manhattan night, with haunting reverberations. Though never named, the white-blond movie star (Theresa Russell) filming on a street grating, her skirts blowing up around her ears, is the personification of Mari-

lyn Monroe; her increasingly irate husband (Gary Busey) is a legendary ballplayer suspiciously like Joe DiMaggio; the barroom Princeton scientist (Michael Emil) is Albert Einstein; and the sweaty senator (Tony Curtis) is Joseph McCarthy.

The director, Nicolas Roeg, has taken Terry Johnson's adaptation of his irreverently inventive play, set in 1954, and given it additional layers: flashes of memory and awful presence. The result is absorbing, peculiar, richly comic and oddly touching.

The actress and the scientist are at crisis points, he with the implications of his work, she with the erosion of her second marriage and her life as a commodity. On a whim, she turns up at the scientist's door to prove that she understands the theory of relativity. (The notion is not that surreal; Einstein and Monroe once met, and were reportedly charmed by each other.) After a dazzling demonstration, as grounded in fact as it is in long on ingenuity, she demands that he reply in kind: "Now you have to show me your legs."

In bursts the DiMaggio character. The film's most tender moments come from this hulking, noisy athlete; his loving, frustrated understanding of the impasse he and his wife have reached and his shrewd analysis of her needs, to have "a thousand people touching her all the time and . . . to be alone all the time also."

As the impotent, vengeful senator, unfortunately the least well drawn of the characters, Tony Curtis has the same sneering energy he had in "Sweet Smell of Success";

no higher praise exists. Michael Emil exists playing Einstein as a cunning guru, instead portraying his character's enormous faculties as both a gift and a burden.

Capable reviews of other films recently released in the United States:

Janet Maslin of The New York Times on "Real Genius":

The story is set at a college with a highly advanced science program, which, unknown to the whiz kids, is being used to develop advanced weapons for the military. It centers on a boy wonder (Val Kilmer) with a tirelessly facetious sense of humor and a 15-year-old newcomer (Gabe Jarret) who has yet to get the hang of college life. Martha Coolidge, who also directed "Valley Girl," gives the dormitory scenes something of a high-tech "Animal House" flavor. Kilmer appears to be capable of being much funnier than his dialogue here. (The film has him make a lot of unfunny phallic jokes, which seem particularly strange coming from a female director.) Jarret is charmingly natural as the shy 15-year-old who's smarter than any of his classmates. William Atherton is good as the teacher overseeing the program and trying to stay calm in the face of Kilmer's incessant clowning.

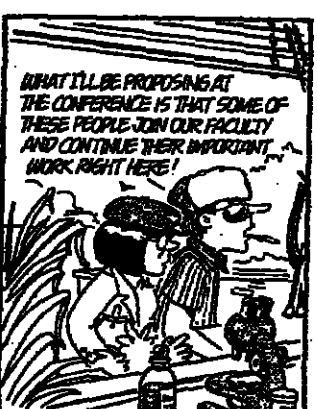
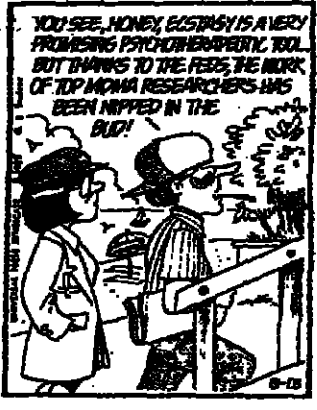
Maslin on "National Lampoon's European Vacation":

This sequel to "National Lampoon's Vacation" is not as funny but has a jokey, loose-jointed comic style. The gags tend to be broad, and the director, Amy Heckerling, has a way of repeating them. Clark Griswold (Chevy Chase) has to hit three Englishmen in a row to establish that he's a bad driver. The film derives its jokes from the stereotypical foreigners the family encounters, the restlessness of the teen-age children (Jason Lively and Dana Hill) and the Griswolds' philistinism, which knows no bounds.

Maslin on "Animals Are Beautiful People":

Jamie Uys has accompanied a series of cute voice-over observations about desert creatures with footage sufficiently fascinating to dispense with any sense of silliness. Uys, the South African director of "The Gods Must Be Crazy," made this documentary several years earlier and gives it a naive charm very like that of his big hit. The film includes a few embarrassing scenes in which tribesmen, seen in their native habitat, are described in much the same terms Uys uses for animals.

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TUESDAY, AUGUST 13, 1985

FUTURES AND OPTIONS

The Gold-Market Bears Come Out of Hibernation

By H.J. MAIDENBERG
New York Times Service

NEW YORK — After meandering aimlessly for months, the gold futures market suddenly awoke with a start last Friday, causing the once somnolent bears to rush to buy contracts to cover the bullion they had sold short. As prices rose, brokers reported a flurry of fresh buying by bullish investors.

When the final bell sounded on New York's Commodity Exchange, the world's biggest precious-metals futures market, the August contract was up \$6.50 on the day and \$6.80 for the week.

"All week long our Geneva and London offices were telling us that European bullion dealers were waiting for an opportunity to buy," Martin A. Armstrong, president of Princeton Economic Consultants of Princeton, New Jersey, said. "They apparently found it Friday afternoon, when many Comex traders had left for the week-end."

If prices retreat, technical indicators point to a testing of last February's low.

The fundamental reason that European bullion dealers were waiting to buy, Mr. Armstrong said, was that gold prices had hit a record low the previous Friday, Aug. 2. "Gold is traded in dollars," he noted, "and to get the dollars required fewer pounds, yen, marks and Swiss francs on Aug. 3."

Based on the closing spot New York gold price of \$321 on Aug. 2, when many of the European buy orders were placed, it took \$226 to buy an ounce of bullion. At the close of trading Friday after the rush of orders, it took \$240.50, Mr. Armstrong said. Similarly, an ounce of gold for a Japanese investor went to 77,991 yen from 76,234; for West Germans, to 916.5 Deutsche marks from 907, and for a Swiss, to 755 francs from 738.5.

"In fact, as denominated in European and Japanese currencies on Aug. 2, the price of gold was the same as that on Feb. 22, when bullion hit a low of \$291 an ounce," said Mr. Armstrong, whose firm acts as a market and economic consultant to many international companies.

As for the gold market's technical structure, he said the charts indicated continued strength this week. On Aug. 2, the charts indicated an upward resistance level, based on the spot price, of \$329.30, he said. "If that level is breached," Mr. Armstrong continued, "then the next upward resistance point will be in the \$342-\$352 area."

But if gold prices retreat this week, Mr. Armstrong's technical indicators point to another testing of last February's low of \$291 an ounce. Basically, these resistance levels are charted by drawing lines touching the recent daily low and high prices, he said.

Meanwhile, Bette Raptopoulos, a metals-market analyst at Prudential-Bache Securities Inc., agreed that, aside from local traders covering their short positions, most of the gold buying last Friday came from abroad.

"But the shorts had reason to be surprised," she said Friday, "because, for one, the market on the Comex had been dead, despite the deteriorating South African situation and the weakening domestic economy that Kaufman warned the market about today."

Henry Kaufman, chief economist at Salomon Brothers Inc., said Friday that the Federal Reserve Board was unlikely to tighten credit in the face of a softening economy. If so, domestic interest rates could decline further, thus making dollar investments less attractive.

"Gold needs a weak dollar and low interest rates to make paper investments less competitive," Mrs. Raptopoulos said, "because, after all, gold is a form of currency, and non-dollar currencies tend to rise when the dollar weakens."

But this factor, and the growing racial conflict and mine labor disputes in South Africa, are still being ignored by the gold market. South Africa, the biggest supplier of newly mined gold, (Continued on Page 11, Col. 1)

Wholesale Prices Up In U.S.

July Rise Led By Food Costs

The Associated Press

WASHINGTON — Wholesale prices in the United States, led by a sharp increase in food costs, rose 0.3 percent in July, the Labor Department reported Monday.

The gain in the Producer Price Index followed a revised 0.2 percent decline in June. For the first seven months of the year, wholesale prices have risen at an annual rate of 1.4 percent. Wholesale prices for the past 12 months have risen just 0.9 percent.

Few analysts see any reason to fear the good performance will change in coming months, although some warn that inflation will pick up next year as the impact of a declining dollar is felt.

"We should have a better performance on inflation than we did last year and one in line with the super performance of the early 1960s," said Allen Sinai, chief economist for Shearman & Sterling. "The economy remains slack, oil and energy prices are dropping and commodity prices continue to benefit from earlier increases in the dollar."

Food costs, which had been declining through the first half, jumped 1.3 percent last month, mainly because of higher prices for fresh vegetables and pork.

Pork prices rose 6.9 percent. Fish costs, less important to the overall index, were up 7.1 percent.

But the biggest increase was a 22.2 percent increase in fresh vegetable prices.

Energy costs, along with food the other major component in the index, fell for the second consecutive month. Gasoline prices were off 1.4 percent; fuel-oil prices were down 5.4 percent; natural gas prices declined 0.7 percent.

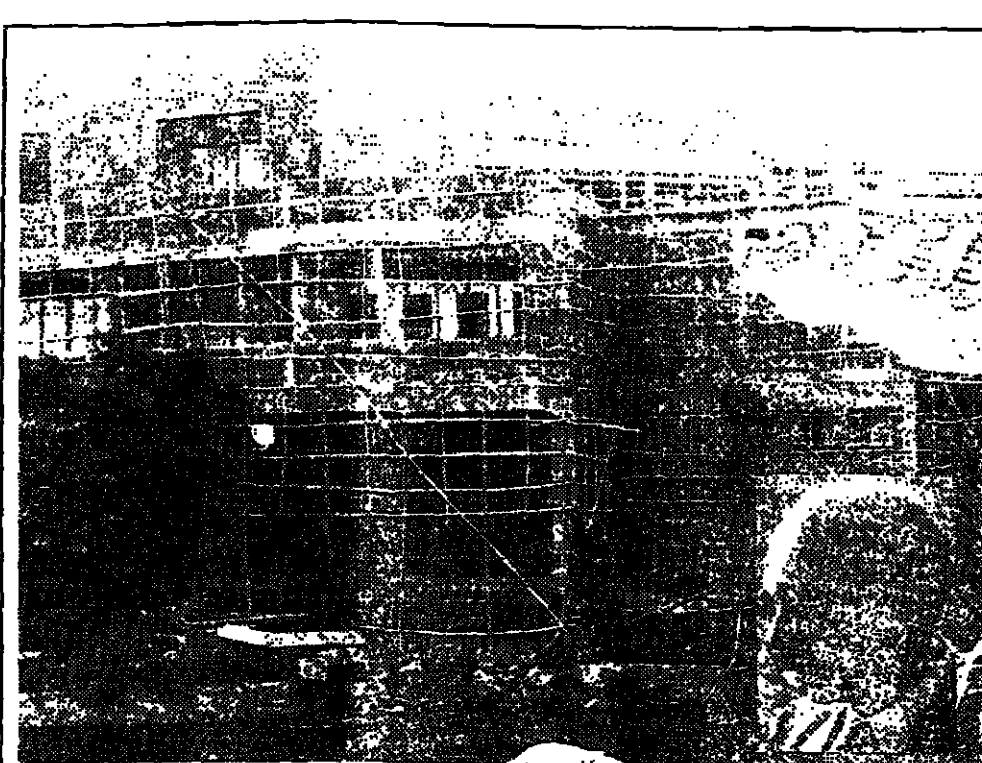
July was the first time that the government revised its survey techniques to end a reporting lag for refined petroleum products. The figures reflect price changes in July, just as for the other items in the index. The report was to have been released Friday, but officials postponed the announcement.

The department blamed "processing errors" having to do with changes in the way the report is compiled, including the change in energy price calculations.

New car prices showed no change at the wholesale level after two monthly increases of 0.4 percent. Light truck prices rose 0.6 percent after a 0.9 percent drop in June.

The initial June report had shown no change at the wholesale level and followed four months of gradual increases. The July report was the largest since a revised 0.4 percent rise in April, which had originally been reported as a 0.3-percent increase.

"At some point, the declining dollar is going to exert upward pressure on prices, but the dollar has not dropped far enough or been down long enough for that impact to show up yet," Mr. Sinai said. He predicted that wholesale prices for the whole year would rise by only 1 percent to 1.5 percent.



The Shenzhen International Hotel and its manager, Percival Darby, inset. The scaffolding to recondition a relatively new structure illustrates one of Mr. Darby's problems: An indifference to maintenance before his arrival about two months ago.

China Hotel Manager Tackles Reform

Percival Darby Oversees 96 Rooms, 50,000 Shower Caps

By Dinah Lee
International Herald Tribune

SHENZHEN, China — Head the tale of Percival Darby — not the hero of some Victorian romantic novel, but general manager of the Shenzhen International Hotel, a joint venture between a Hong Kong businessman and the Forestry Ministry of Shenzhen.

Shenzhen is one of 14 coastal cities, and Hainan island, that are designated as Special Economic Zones. But the focus of the zone program has been put recently on Guangzhou, Shanghai, Tianjin and Dalian.

Together with Xiamen, Shantou and Zhuhai, Shenzhen is one of the four original special zones announced under the reforms of Deng Xiaoping, the Chinese leader, in 1979. Shenzhen, Shantou and Zhuhai are in China's southernmost province of Guangdong, with Shenzhen at the busiest border crossing between Hong Kong and China.

Mr. Darby is only one of hundreds of foreigners now living in southern China, managing joint ventures in hotels, telecommunications and offshore oil. Since Mr. Deng established the first four Special Economic Zones as laboratories for economic reform, Shenzhen has mushroomed from a sleepy border town of 30,000 farmers to a sprawling boomtown of more than 300,000, utilizing the equivalent of \$700 million in foreign investment.

The speed with which Shenzhen has grown has led to acute problems in the system — clogged roads, electricity brown-outs and inadequate telephone-line capacity.

The influence of Hong Kong television, radio and visitors has brought Shenzhen closer to the British colony in many ways than to the nearest mainland city, Guangzhou. Black-market activities are rife, and despite the efforts of the government, the currency used everywhere in Shenzhen is not the currency of China, nor the Foreign Exchange Certificates for use by foreigners, but the Hong Kong dollar.

Many of Mr. Darby's challenges are like those facing all foreign managers of new joint ventures in China. On arrival, he immediately introduced an incentive system of points linked to wage bonuses intended to wean his local Chinese staff away from their complacent attitudes. Included in this was an "employee of the month" award.

"At first, the system seemed fine until I was walking through the coffee shop and one of the waitresses told me she would be winning the 'employee of the month' award for August. But this is only July," I said, "August hasn't even started. That doesn't matter," she said. "The supervisor promised I would win it."

The frustrated Mr. Darby has since kept up (Continued on Page 15, Col. 5)

Japan Ship Line Reported to Be Close to Collapse

Compiled by Our Staff From Dispatches

TOKYO — Toshio Komoto, a member of the Japanese cabinet, offered to resign Monday because of financial troubles at Sanko Steamship Co., which he founded, an aide said.

Meanwhile, Kyodo News Agency and Jiji Press quoted "reliable sources" as saying that Sanko, one of the world's largest operators of oil tankers, planned to file Tuesday for court protection from its creditors under the Corporate Rehabilitation Law.

A company spokesman denied the reports, saying that Sanko had no plans at present to file for court protection.

If the company did seek protection, it would mark Japan's largest-ever corporate failure.

Sanko, Japan's largest shipping concern, owns 27 ships, totaling 2.63 million deadweight tons, including 12 oil tankers at 1.1 million tons.

It also charters 217 ships amounting to 18.02 million deadweight tons, including 77 tankers at 11 million tons, a Sanko spokesman said.

The aide to Mr. Komoto, quoted by The Associated Press, said the minister met Monday with Prime Minister Yasuhiro Nakasone. The aide, who asked not to be named, said Mr. Nakasone tried to persuade him to remain in his post, but finally agreed "to keep the letter of resignation for the time being."

Mr. Komoto, former director-general of the Economic Planning Agency, is now state minister for external economic affairs.

The minister, 74, who founded the company in 1937, was Sanko's president until 1974 but has not been directly involved in its management in recent years. He is the largest individual shareholder.

On the Tokyo stock exchange, trading in Sanko shares was suspended Monday for the second time since news of the company's financial trouble broke late last week. Sanko shares, which closed the morning unquoted with sell orders at 37 yen, were down from 72 yen last Wednesday.

Trading was also suspended Thursday, after press reports said the company's three main creditor banks, Daiwa Bank Ltd., Long-Term Credit Bank of Japan Ltd. and Tokai Bank Ltd., were refusing to extend large new loans to the company.

The reports were denied by the company, and Daiwa said the three banks were only in the process of reviewing financial help to the company.

On Friday, however, Daiwa said it was reluctant to continue lending to the company, a bank official reported.

In April 1984, Sanko announced a three-year plan to reduce losses. Its current outstanding debt is estimated by banking sources at 40 billion yen (\$1.68 billion).

The parent company's net loss for the year ended March 31 rose to 68.35 billion yen from 55.08 billion a year earlier, as 1984-85 sales rose to 267.96 billion from 246.26 billion. (AP, Reuters)

Increasing Competition

Earlier, Susan China of The New York Times reported from Tokyo: Sanko's troubles came at a time of worldwide recession in the shipping industry. Japanese companies, still the leaders in the field, have been particularly hurt by the general decline in the crude-oil tanker business worldwide.

They are also facing increasing competition from South Korean shipbuilders.

The Japanese government has been studying ways to help Sanko.

The company has not yet received any direct government aid, but the Ministry of Transport has been considering ways to scrap surplus tankers. However, the ministry has reportedly decided against using government money to buy the excess tankers.

That decision, coupled with dissatisfaction about the progress of Sanko's own restructuring, appears to have prompted the three banks to reconsider loans to Sanko.

Sanko is not alone in suffering financial problems. In the last fiscal year only two of the six major shipping lines paid dividends and only three made profits.

Reform of West German Bourses Seen for 1986

Reuters

FRANKFURT — Plans to modernize West Germany's eight stock markets should be completed by the end of 1985, the president of the Frankfurt Bourse said Monday.

"There should be agreement by the end of this year and we should put it into effect next year," said Karl-Oskar Königs, who devised a plan to centralize stock-market technology and administration earlier this year.

Attention has focused on reforming the Frankfurt Bourse as it prepares to celebrate its 400th anniversary later this month.

There has been growing concern that the bourse system — with exchanges in eight cities, including Frankfurt, Düsseldorf, Hamburg and Munich — is inefficient and outdated and has lost trade, particularly to London.

Mr. Königs has held his office for 16 years and is due to leave at the end of 1985. His plan, largely accepted in July by the seven other bourse presidents, calls for a central association, a single bourse report, a central clearing system and uniform computer network.

"We want to stay No. 4 in the world after New York, London and Tokyo," he said.

West Germany has been slow in developing its financial markets, he said. Economic recession meant that bourse reform was hardly a burning topic in the early 1980s but the recent upturn has focused attention on the need to raise capital.

Stock reforms are now urgently needed, Mr. Königs said, with this year's opening up of capital markets by the Bundesbank.

Much share business has already been lost to London, with turnover in some major West German stocks there last year exceeding that in Frankfurt.

Mr. Königs dismisses fears that bourse reform will seriously damage business on such smaller exchanges as Bremen and Hannover.

"We are trying to create one market with eight outlets," he said. Frankfurt already takes the lion's share with 52 percent of all turnover — which totaled 234 billion Deutsche marks (\$83.5 billion) in 1984 — followed by Düsseldorf with around 31 percent.

Mr. Königs said fears that a central administration would see a further shift of business to Frankfurt are unfounded. By law the eight bourses must be maintained and it is neither necessary nor desirable to move toward a single trading floor, he said.

He is enthusiastic in his defense of regional bourses as being close to issuers and investors.

"This is a strengthening of all German bourses," he said. "Together we will bring back the business we have lost to London and elsewhere."

Regional bourses will get a boost from a draft of a law due to be considered by parliament this fall that would allow smaller companies to raise capital through second-tier listing without the cost of a full stock listing.

Producer Prices Rise in Britain

Reuters

LONDON — Producer prices in Britain rose 0.3 percent in July while manufacturers' costs dropped 2 percent, the Trade and Industry Department said Monday.

In June, producer prices rose 0.1 percent and manufacturers' costs dropped 1.5 percent, according to revised figures. Manufacturers' costs showed no change in the 12 months ended in July, after having risen 1.7 percent over the year to June.

The Trade and Industry department also released provisional figures showing that retail sales rose 0.1 percent in July to a record 116.1 in seasonally-adjusted figures, after a 1.2-percent increase in June.

Currency Rates

Cross Rates	Aug. 12
American dollar	160.50
British pound	160.50
French franc	160.50
German mark	160.50
Italian lira	160.50
Japanese yen	160.50
Netherlands guilder	160.50
Swiss franc	160.50
West German mark	160.50
Yen	160.50

Other Dollar Values	Aug. 12
Australian dollar	1.00
Canadian dollar	1.00
Hong Kong dollar	1.00
Indian rupee	1.00
Israeli sheqel	1.00
Japanese yen	1.00
Netherlands guilder	1.00
Swiss franc	1.00
West German mark	1.00
Yen	1.00

Interest Rates

European Deposits	Aug. 12
1 month	7.00%
3 months	7.00%
6 months	7.00%
1 year	7.00%

Key Money Rates	Aug. 12
London	7.00%
New York	7.00%
Paris	7.00%
Frankfurt	7.00%
Berlin	7.00%
Munich	7.00%
Düsseldorf	7.00%
Hamburg	7.00%
Munich	7.00%
Düsseldorf	7.00%
Hamburg	7.00%

U.S. Money Market Funds	Aug. 12
1 month	7.00%
3 months	7.00%
6 months	7.00%
1 year	7.00%

Gold	Aug. 12
1 ounce	312.00
10 ounces	3120.00
100 ounces	31200.00
1 ton	312000.00

Brazil Now Favoring IMF-Pact Delay

By Alan Riding
New York Times Service

RIO DE JANEIRO — Rather than accept an austerity program that could slow the country's economic recovery, Brazil's new government now appears to favor postponing, until 1986, the conclusion of a credit agreement with the International Monetary Fund.

A planned rescheduling of \$45.3 billion in commercial debt maturing from 1985 to 1991 may also be delayed, since foreign banks have insisted on IMF approval of Brazil's stabilization program before completing their negotiations.

After meeting President Jose Sarney in Brasilia last week, John S. Reed, chairman of Citicorp, said, "It has been our philosophy to follow the guidance of the IMF," but added, "The president conveyed to us his feeling that Brazil needs time to restructure its economy."

There have been recent signs that "expansionist" economists in Brazil's Planning Ministry, who believe that Brazil should pay less heed to IMF demands, are winning a public battle against more "orthodox" monetarists in the Finance Ministry.

In recent public statements, Mr. Sarney has echoed the views of Planning Minister João Sayad in favor of maintaining growth. In an address on July 22, Mr. Sarney said: "We will not allow the dogmatic transference of international financial organizations to impose an unnecessary recession on the country."

Officials said the dominant view

Audemars Piguet

O.J. PERRIN

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Perpetuel Calendar

present
their latest creations as well as
a selection of their rarest stones

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NYSE Most Actives

Vol.	High	Low	Last	Chg.
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus.	1314.75	1304.75	1309.14	-10.61
Transp.	674.75	664.75	668.14	-6.61
Comp.	565.60	554.14	557.71	-11.49

NYSE Index

High	Low	Close	Today's Range	Prev. Close
1314.75	1304.75	1309.14	1309.14-1314.75	1319.75

Monday's NYSE Closing

Vol. 413 P.M. 3,220,000
Prev. 3 P.M. vol. 4,950,000
Prev. consolidated close 1319.75

AMEX Diaries

Class	Prev.
Advanced	100.00
Declined	100.00
Unchanged	100.00
New High	100.00
New Low	100.00

NASDAQ Index

Week	High	Low	Open	Close	Chg.
1314.75	1304.75	1309.14	1309.14	1309.14	-10.61

AMEX Most Active

Vol.	High	Low	Last	Chg.
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50

Dow Jones Bond Averages

Prev.	Today
74.00	74.00
74.00	74.00
74.00	74.00

NYSE Diaries

Class	Prev.
Advanced	100.00
Declined	100.00
Unchanged	100.00
New High	100.00
New Low	100.00

Odd-Lot Trading in N.Y.

Buy	Sales	Vol.
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

Standard & Poor's Index

High	Low	Close	Today's Range	Prev. Close
1314.75	1304.75	1309.14	1309.14-1314.75	1319.75

AMEX Sales

3 P.M. volume	Prev. 3 P.M. volume
4,950,000	3,220,000

AMEX Stock Index

High	Low	Open	Close	Chg.
1314.75	1304.75	1309.14	1309.14	-10.61

Market Lower in Light Trading

United Press International
NEW YORK — The New York Stock Exchange was lower late Monday in light trading. The Dow Jones industrial average was down 1.46 to 1,319.33 shortly before 3 P.M. Five-hour volume on the NYSE amounted to about 59.2 million shares, compared with 70 million in the same period Friday.

Prices were lower in light trading of American Stock Exchange issues.

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.

Analysts said the market weakened as investors adjusted to the view that the economy will not grow as much in the second half of the year as many had hoped.

The outlook for corporate profits has become bleaker, said Monte Gordon of Dreyfus Corp. Enormous competitive pressures created by foreign imports mean domestic companies cannot raise prices to increase their profits, he said.

Mr. Gordon said the economy will remain sluggish during the third quarter and will not make significant improvements during the fourth.

In addition, most investors still do not expect

the Federal Reserve to push interest rates dramatically lower.

"People have given up hope over near term that Fed will inject enough money into the economy to cause strong growth in the second half of the year," said Alan Ackerman of Herzfeld & Stern.

United Energy Resources was near the top of the active list, advancing on news it will be acquired by MidCon Corp. of Chicago in a combination cash tender offer and exchange of stock valued at more than \$1.1 billion.

Union Carbide was lower after a toxic cloud leaked from its plant near Charleston, West Virginia.

Among technologies, IBM, Control Data Corp., Hewlett Packard and Digital Equipment were all modestly lower. National Semiconductor was also off modestly.

Philadelphia Electric and Middle South Utilities were off a fraction. Consolidated Edison and Commonwealth Edison were ahead.

Among media and entertainment stocks, MGM-UA and Disney were lower.

AT&T was unchanged. Nyxer was up a fraction.

On the Amex, active issues included BAT Industries, Echo Bay Mines and Direct Action Marketing.

NYSE Most Active

Vol.	High	Low	Last	Chg.
Univ. of	48.00	47.00	47.50	+0.50
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Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
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Univ. of	48.00	47.00	47.50	+0.50
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Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50
Univ. of	48.00	47.00	47.50	+0.50

The Global Newspaper.



BUSINESS ROUND
A-EA Profit

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BUSINESS ROUNDUP

ASEA Profit Rose 4.7% in First Half

By Juris Kaza
International Herald Tribune

STOCKHOLM — ASEA AB, the Swedish electrical and heavy industrial group, reported Monday that its pretax earnings rose 4.7 percent in the first half of 1985, to 1.11 billion kronor (\$132 million), from 1.06 billion kronor in the first half of 1984.

Sales totaled 17.18 billion kronor, up 9.5 percent from 15.69 billion kronor in the first half of 1984, ASEA said in an interim report.

The company forecast that because of a slowdown in the world economy, earnings for all of 1985 would be "approximately an-

changed" from 1984, when it earned 2.48 billion kronor.

ASEA said growth in first-half earnings was limited because of a decline in earnings by its power-generating utilities in Sweden during the harsh winter. ASEA's utilities were forced to buy expensive electricity to cover customers' needs and were also affected by a late spring flood, which filled power-generating reservoirs to full capacity.

Michael Willis Fleming, a specialist in Scandinavian shares with E.B. Savory Mill, a London brokerage, said ASEA's first-half results were about in line with his expectations. He said the company's forecast was "overcautious"

and stood by his projection that 1985 earnings would rise by as much as 7 percent from 1984.

Mr. Fleming said ASEA was one of the best electrical shares to hold in the medium term in Sweden or in Europe, pointing out the company's high number of orders and large order backlog.

In the interim report, ASEA said order bookings rose 21.4 percent, to 19.26 billion kronor from 15.86 billion kronor a year earlier. Order bookings from North America, Asia and Western Europe "experienced a good growth rate."

Order backlog was 34.16 billion kronor at the end of the first half, compared with 31.2 billion kronor a year ago, ASEA reported.

Computer Firm Loses Redrock IBM Contract

By John Crudele
New York Times Service

CHATSWORTH, California — Computer Memories Inc., which derived 81 percent of its first-quarter revenues from sales to International Business Machines Corp., said it has been informed that IBM does not intend to order additional disk drives after the current contract expires Dec. 31.

The company said its sales to IBM accounted for about 67 percent of its revenues for the fiscal year that ended March 31 and 81 percent for the first quarter ending June 30, when its cash position was \$19.4 million and no debt.

MidCon to Acquire United Energy

By John Crudele
New York Times Service

NEW YORK — MidCon Corp. will acquire United Energy Resources Inc. for \$41 a share, or a total of \$1.15 billion, in a transaction that would create one of the largest natural-gas pipeline companies in the United States, the companies have announced.

The transaction was approved unanimously by both boards, the companies said in an announcement Sunday night. It must still be approved by shareholders of United and by regulatory agencies.

The agreement, which has been the subject of rumors for weeks, would create a company with 30,000 miles (48,000 kilometers) of

pipelines stretching from the Middle West to Texas and the Gulf Coast of Florida. The combined companies would have assets of about \$6 billion and annual revenues of about \$7 billion.

Under the terms of the agreement, MidCon, based in Lombard, Illinois, will pay \$41 in cash for 18.1 million shares of United, or about 65 percent of the company's shares outstanding. The remaining shares will be exchanged for stock in the resulting company. That new stock is intended to be worth \$41 a share.

United's shares have been rising for the last two weeks amid rumors of a possible takeover. In heavy trading Friday, United closed at

\$36, up \$2 for the week, as speculation intensified that an agreement with MidCon was near.

A source close to the agreement said the transaction did not include provisions for liabilities that may be incurred from lawsuits pending against United. The company, which is based in Houston, is facing suits by customers whose contracts it canceled in the early 1970s.

Analysts have said liabilities from such suits could amount to as much as \$600 million.

United, the eighth-largest U.S. natural-gas-pipeline company, canceled the contracts because, the suits contend, the price of gas was no longer in the company's favor. The cancellations forced customers to seek gas elsewhere at greater expense, the suits charge.

The United-MidCon merger is the latest consolidation move in the natural gas industry, which has been plagued by lower prices and competition from the oil industry, where prices are also lower.

InterNorth Inc. acquired Houston Natural Gas Corp. in May for \$2.3 billion, while Coastal Corp. paid about \$2.5 billion for American Natural Resources Inc. in March. Tenneco Inc. bought some pipeline properties last month from Goodyear Tire & Rubber Co. for \$500 million.

United's earnings have dropped sharply in the last three years, and its revenues have declined for two consecutive years. In 1984, the company earned \$35.6 million on revenues of about \$4 billion. Some analysts have expected the company's profits to improve this year, but they have said revenues would remain flat.

Schering Reports Rise in Earnings In the First Half

By John Crudele
New York Times Service

BERLIN — Schering AG, the West German chemical group, said Monday that it had increased first-half earnings in its parent company and group from the period in 1984. It also predicted continued good results in the second half.

Profit figures were not provided. Last year, Schering recorded a record 138 million DM in net profit, a 72-percent increase over 1983.

First-half group sales volume rose 12 percent, to 2.78 billion Deutsche marks (\$982 million), with all sectors recording growth. Volume in the parent company increased 11 percent, to 1.23 billion DM, Schering said in a letter to shareholders.

Parent-company earnings were higher than a year earlier despite a considerable increase in research and development spending, it said.

The group recorded an overall rise in first-half earnings even though U.S. profits fell.

Gulf, Petro-Canada Stall Pact

By John Crudele
New York Times Service

TORONTO — A transaction between Gulf Canada Ltd. and Petro-Canada, the government-owned oil company, has been delayed for technical reasons, but is not in jeopardy, analysts said Monday. The plan is said to involve the sale of some Gulf Canada assets to Petro-Canada for up to 900 million dollars (\$661 million).

Slow U.S. Growth Brought Slack Profits in Quarter

By Richard W. Stevenson
New York Times Service

NEW YORK — Weak economic growth led to lackluster U.S. corporate earnings in the second quarter, with the bright spots overwhelmed by depressed profits in a wide range of industries.

The profits picture was disappointing, but not unexpected, given the slow economy in general in the first half of the year, said Robert A. Gough, an economist at Data Resources Inc.

The U.S. economy grew at only a 1-percent annual rate in the first six months of 1985 and at a 1.7-percent rate in April through June.

The weak second-quarter results followed disappointing earnings in the first quarter. Many companies continue to suffer from a strong dollar and a flood of imports, economists said.

Total annualized, seasonally-adjusted, after-tax profits were \$136.3 billion in the second quarter, down 0.5 percent from the first-quarter total of \$137 billion and down 9.3 percent from the \$150.2 billion recorded in the second quarter of 1984, according to Data Resources.

U.S. corporate profits hit their all-time high of \$150.6 billion in the first quarter of 1984.

Among the industries hit hardest in the April-through-June period

were automakers, computer companies, textile makers and chemicals concerns. Aerospace companies, many bolstered by military contracts, did well, while airlines' results were mixed.

A compilation by The New York Times of second-quarter earnings at 274 companies showed that earnings increased at 140 companies from the same period last year, decreased at 99 and were the same at five concerns; 30 companies posted losses during the quarter.

Most makers of computers and other office equipment had a difficult quarter as they suffered from weak demand and transition to new product lines. Net income at International Business Machines Corp. dropped 13 percent from the period last year. Wang Laboratories had a \$109 million loss, and Apple Computer, which went through a management shakeup that resulted in the co-founder and chairman, Steven P. Jobs, losing his day-to-day responsibilities, posted a \$17.2 million loss.

Weak demand from industrial customers hurt chemical makers. American Cyanamid Co.'s profits fell 34 percent; while Olin Corp.'s were down 52 percent and Union Carbide Corp.'s dropped 20 percent.

The Big Three automakers, which are suffering from import

competition and increased promotional expenses, all reported sharp drops in net income. Profit at General Motors Corp. fell 28 percent, at Ford Motor Co. 23 percent and at Chrysler Corp. 26 percent.

Chrysler's earnings comparisons suffered in part from a higher tax rate as tax benefits from earlier losses expired.

Most textile and apparel companies, which are being hurt by competition from imports, recorded lower earnings. Burlington Industries Inc. reported a 75-percent drop in net income, while Levi Strauss & Co., which is pursuing a management buyout, saw net income plummet 52 percent.

Many aerospace companies continued to benefit from high levels of military spending. Boeing Co.'s

profits were up 33 percent. Lockheed Aircraft Corp.'s increased 12 percent and McDonnell Douglas Corp.'s rose 11 percent.

Many airlines, capitalizing on increased traffic, had rises in earnings in the second quarter. AMR Corp., parent of American Airlines, saw its net surge 144 percent to a record \$173.9 million. But UAL, the parent of United Airlines, registered losses of \$91 million after a monthlong strike.

Modest decreases in the dollar's strength have not helped earnings much, economists said. Most economists predict that growth for the second half of the year will be considerably above the sluggish rate of the first half, although profits are not expected to return to the robust levels of last year.

Chrysler, Union Open Contract Talks

By John Crudele
New York Times Service

HIGHLAND PARK, Michigan — The United Auto Workers and Chrysler Corp. opened contract talks Monday, with the union saying the car maker's return to profitability means employees deserve parity in pay and benefits with others workers in the U.S. automobile industry.

The opening ceremony with the UAW president, Owen F. Bieber, and the union's chief negotiator, Vice President Marc Stepp, and the company's chief negotiator, Vice President Thomas W. Miner, signaled the start of preliminary bargaining in subcommittees.

Face-to-face bargaining among the main negotiators was not expected to begin until the month before the contract expires Oct. 15.

The company posted a record 1984 profit of \$2.4 billion, although its showing this year has not been as strong because of taxes.

The typical Chrysler assembler earns \$12.79 per hour, 39 cents less than the \$13.18 per hour earned for the same work at General Motors Corp. and Ford Motor Co.

A pay increase set for Sept. 2 will bring typical Chrysler assembly workers to within 6 cents an hour of their GM and Ford counterparts. But a raise scheduled for two weeks later at the two larger automakers will wipe out that gain.

Beyond the money, UAW negotiators will push hard in the broad area of job security, including limits on contracting work outside the company that could be performed by UAW employees, Mr. Stepp said.

COMPANY NOTES

Air Canada announced a permanent year-around fare structure for all Canadian and U.S. routes.

American Can Co. has filed with the U.S. Securities and Exchange Commission for a shelf offering of up to \$300 million in debt securities on terms to be set at the time of sale.

Castellone Tooling Ltd. projected a net profit of \$82.3 million in the year ending July 30, 1986, up from an estimated \$73 million in 1984-85, according to a stock exchange statement. The dividend is expected to rise to 28 cents from 27 cents last year.

Cargill North Asia Ltd., a member of the Cargill Tradax Group, plans to build a compound feed plant at Shibushi Bay on Kyushu, a company spokesman said. Industry sources said Cargill's plan has caused concern in the highly competitive Japanese compound feed industry.

Christian Salvages PLC announced a £10.5 million (\$14.25 million) expansion program in food processing, storage and distribution in North America, Britain and the Netherlands.

Deak & Co. assets worth \$45 million have been approved for sale by a U.S. Bankruptcy Court, and Hong Kong may take legal action

to recover some of the funds, the official liquidator of the Deak Perera Far East unit said.

Imperial Chemical Industries PLC has a 15.1-percent U.S. ownership, or 97.7 million ordinary shares, in the form of American depositary receipts through Morgan Guaranty Trust Co., a company statement said. The U.S. stake was under 1 percent early in 1983.

Ozallid Group Holdings Ltd. said it has reached agreement to sell its Oce-Skycopy division to Kodak Ltd. Oce-Skycopy, based in London, distributes products to the graphic arts and printing industries in Britain.

Pakistan National Shipping Corp., which is owned by the state, has begun a through service from West Coast ports in North America to Karachi and Colombo, Sri Lanka, by transshipment via Yokohama, Japan, and Keelung, Taiwan, the Pakistan Shippers Council said.

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MAKITA ELECTRIC WORKS, LTD.
(CDRs)

Referring to the advertisement of 4th February, 1985 the undersigned announces that the new shares from 10% bonus have been received. As from 14th August, 1985 the new CDRs Makita Electric Works Ltd. each repr. 1,000 Shs. a Yen 50,- ems div. no. 36 s.e.m. and taken will be gratefully obtainable at Kas-Associatie N.V., Spuistraat 172, Amsterdam against delivery of 200 div. no. 34 of CDRs repr. 50 Shs. of Yen 50,- or 10 div. no. 34 of CDRs repr. 1,000 Shs. of Yen 50,-. Combination of denominations is possible. After 13th September, 1985 the equivalent of the CDRs which have not been claimed by the holders of div. no. 34 will be sold. The proceeds, after deduction of expenses, will be held in cash at the disposal of said holders.

Further the undersigned announces that as from 14th August, 1985 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. no. 35 (accompanied by an "Affidavit") of the CDRs Makita Electric Works Ltd. will be payable with Dfls. 5.13 net per CDR repr. 50 Shs. and with Dfls. 102.60 net per CDR repr. 1,000 Shs. (div. no. 36 s.e.m. 20.12.1985; gross Yen 9,- p.sh.) after deduction of 15% Japanese tax = Yen 57.50 = Dfls. 50 per CDR repr. 50 Shs. = Dfls. 18,- per CDR repr. 1,000 Shs. Without an Affidavit 20% Japanese tax = Yen 90,- = Dfls. 1.20 per CDR repr. 50 Shs. = Yen 1,800,- = Dfls. 24,- per CDR repr. 1,000 Shs. will be deducted.

After 30.9.1985 the div. will only be paid under deduction of 20% Japanese tax with Dfls. 4.83 net per CDR repr. 50 Shs. and with Dfls. 96.60 net per CDR repr. 1,000 Shs. in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 1st August, 1985.

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AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 1st August, 1985.

Gold Futures Come to Life

(Continued from Page 9)

produced 683 metric tons, or 70 percent of the Western world's output of the metal, in 1984. A metric ton of gold is equivalent to 32,150 troy ounces.

Normally, the gold market responds less to supply factors than to demand because it has been estimated that the amount of bullion in existence equals roughly 100 years worth of the potential global production. Gold is one of the most recycled metals. The gold in chains purchased today is just as likely to have come from an ancient Egyptian pharaoh's jewelry as from recently mined South African ore.

"Despite the huge supply of existing gold," Mrs. Raptopoulos said, "the market did respond to the news reports at 2 P.M. that South Africa's Chamber of Mines said it would not increase its wage offer to the gold miners. This contributed to the reawakening of the Comex in the last 30 minutes of trading today."

The late buying of gold futures on the Comex caused the platinum-futures market on the New York Mercantile Exchange to rise, although the mines that produce platinum in South Africa are not involved in any labor dispute. The involved in any labor dispute. The spot October platinum futures jumped \$14.30 an ounce to close at \$294.90, for a gain on the week of \$10 an ounce.

FOREIGN & COLONIAL RESERVE ASSET FUND
PRICES AT 7.45
A: U.S. DOLLAR CASH \$10.33
B: MULTICURRENCY CASH \$10.61
C: DOLLAR BONDS \$11.33
D: MULTICURRENCY BONDS \$11.33
E: STERLING ASSET \$10.85
FOR OTHER F & C FUNDS, SEE INTERNATIONAL FUNDS LIST



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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

[illegible]

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Standard Chartered Finance B.V.
(Incorporated with limited liability and established at Amsterdam in the Netherlands on 30th July, 1975)

Credit Suisse First Boston Limited
01-634 3000 ext 3430

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CURRENCY MARKETS

Dollar Off Sharply Amid Rate Fears

Compiled by Our Staff From Dispatches
LONDON — The dollar dipped sharply Monday on major foreign exchange markets, apparently on a market belief that U.S. interest rates might fall. Gold and silver moved upward in reaction.

In London, the pound was up sharply against the dollar. It closed at \$1.3640, up from \$1.3573 on Friday. It opened at \$1.3770, and, a trader said, "after Friday night's selling, the dollar found some support around the lower levels."

In Frankfurt, the dollar was fixed at 2.7984 Deutsche marks, down from 2.8313 on Friday. In Zurich, it was valued at 2.3063 Swiss francs, down from 2.3480, and in Paris it slid to 8.565 French francs, from 8.660.

In Milan the dollar was fixed at 1,879.00 lire, down from 1,895.40. Earlier, in Tokyo, the dollar ended the day at 237.75 yen, compared with 238.55 on Friday.

There was some uncertainty as to the causes of the broad decline early in the day and the subsequent stabilization.

Traders in Zurich said there was a belief that U.S. rates were about to come down again, but in London, where the market was quiet, traders said they were awaiting U.S. retail sales figures, to be released Tuesday, and industrial production, due Thursday.

Both sets of figures are expected to show continued sluggish economic growth in the United States. But traders voiced uncertainty about the response to the figures.

"We do not expect there to be much reaction and people are not

sure the numbers will be sufficient to push the dollar through 2.78 Marks," one said.

Among other currencies, the pound gained against major currencies, rising to 3.8765 DM in London from Friday's 3.8425, and to 3.1873 Swiss francs, up from 3.182. Against the mark, it moved up throughout the day, following opening quotes of 3.848/3.853 DM.

But some traders said the pound's strength was limited. "It has traded higher but hasn't managed to consolidate higher," one said.

"Sterling has moved higher on the day and people are saying that's enough," a U.S. trader said. He added that a British bank base rate cut was believed to be some way off.

(UPI, Reuters)

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(UPI, Reuters)

OECD Says France Will Boost Growth

Compiled by Our Staff From Dispatches

PARIS — France's economy will grow more rapidly next year but not rapidly enough to prevent an increase in unemployment, the Paris-based Organization for Economic Cooperation and Development said Monday.

The gross domestic product, which measures the output of goods and services excluding income from operations abroad, will grow by 1.9 percent next year in real terms, after a rise of 1.1 percent this year, the OECD said in its annual report on France.

But it also predicted that unemployment would climb to an average of 11 percent of the work force, or more than 2.5 million people, from 10.5 percent this year.

It had praised for an economic austerity program adopted in March 1983, but it also said the government continued to control many key sectors of the economy. These controls, it said, should be relaxed further.

The existence of an extremely complex body of legislation undoubtedly constitutes a major psychological constraint and may discourage some employers from taking on labor," it said.

The organization, which groups 24 industrialized countries, said the program had reduced economic imbalances, but that recovery is only partial and there should be no relaxation.

The OECD applauded policy-makers for curbing inflation, narrowing external deficits and increasing corporate profits. But it also said that the austerity program had contributed to stagnating domestic demand and slow growth.

However, it said, growth in domestic demand would accelerate to 1.6 percent next year from 0.6 percent this year.

The report also said that inflation would decline to an annual average of less than 5 percent next year. For this year, inflation is expected to exceed 5.5 percent.

The OECD also predicted that France would have a \$3.2-billion trade deficit this year, down from last year's \$3.8-billion deficit.

(Reuters, AP)

On July 26, in a feisty response to statements from Mr. Deng that Shenzhen's success was still unproven, the Communist Party secretary general of Shenzhen, Zou Erkang, gave an outspoken interview to a leftist daily newspaper in Hong Kong, Da Kung Bao.

Zou defended the rapid construction of high-rise buildings in Shenzhen as necessary to attract foreign investment.

"If Shenzhen were a place like five years ago, where one has to sit on the back of a bicycle to hold trade talks, who would do business with us?" he said.

Mr. Zou also denied that Shenzhen depended on "blood transfusions" of state funds for its growth. He said that in only a few years it attracted the equivalent of \$2.6 billion in overseas investment, of which \$700 million was already in use.

Mr. Darby counts himself as one of the willing, if exasperated, pioneers.

"Oh, I really feel for that guy," commented a colleague, Joachim Burger, who runs the China Hotel in nearby Guangzhou. "But at least he's kept his sense of humor."

After years of managing hotels in Florida and two years of teaching at the Hong Kong Polytechnic, the Jamaican-born Mr. Darby has only

China Hotel Manager Fights Apathy

(Continued from Page 9)

round-the-clock daily inspections, holding supervisors responsible for the work of staff in their department. He quickly saw that few had any understanding of how a modern hotel was maintained, and he wrote a 26-page checklist outlining the basic duties of each department.

"Four people resigned on the spot," he recalled.

Training was not Mr. Darby's only problem. Although the building is graced with well-designed gardens and a fishpond near the entrance, Mr. Darby discovered on his arrival that both were in a surprisingly dilapidated state, considering that they had been built only two years earlier.

But so enthusiastic are Shenzhen officials, businessmen and even many foreigners working there that recent signs of hesitation in Beijing over Shenzhen's development only spurred greater local loyalty to the liberal experiment that Shenzhen represents.

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After years of managing hotels in Florida and two years of teaching at the Hong Kong Polytechnic, the Jamaican-born Mr. Darby has only

been in his new job about two months. His task is to knock into shape a hotel that has for the past two years been loosely managed in absence from Hong Kong by its foreign joint-venture partner, Chinese Cheung, the owner of the Colina chain of boutiques in Hong Kong.

Although Mr. Darby sometimes describes his hotel as "the Fawcett Towers" after the British television series about a small chaotic English seaside hotel, he is nevertheless determined to bring order to his new assignment.

"I found two women cutting the grass with little barbers' scissors," he recalled. "I tried to get a lawnmower, only to be told that there aren't any lawnmowers in Shenzhen. I still find it hard to believe that our joint venture partners at the Forestry Ministry don't have a single lawnmower. I'm guess I'm going to have to go to Hong Kong and buy one myself."

Recently he looked down from the window of his office on the second floor to see members of his staff piling the decorative goldfish from the pond for supper.

Meanwhile, he personally went out and bought rat-traps and set them out around the hotel building. Then he set out poison for the cats, which were so fat from breaking into the flimsy hotel garbage bags that they ignored the rats.

"The first morning I got up at 6 A.M. to see how many rats I'd got, but the local people had already stolen the traps," he said.

Purchasing supplies is a common problem for all foreign hotels in China, and Mr. Darby has suggested to fellow hoteliers in the region that they combine forces against the headaches of Chinese customs regulations, black-marketeering, irregular deliveries and short supplies. In the meantime, he has had to straighten out a few internal mysteries at his own hotel.

"I found out that the individual refrigerators in the guest rooms had been hooked up and running for two years, but nobody had bothered to put anything inside them," he said. "I immediately ordered whatever I could — peanuts, beer, tonic water, and so forth."

"Then I found out that the hotel had ordered 2,000 new blankets. But we already have enough blankets, and anyway, we only have 96 rooms. Then I discovered that we

had on order 30,000 shower caps, when we already had 20,000 spare ones in stock. You know, I look out the window in the morning half expecting to see the population of Shenzhen wearing Shenzhen International Hotel shower caps on their heads."

Not surprisingly, in his first few weeks on the job, the determined Mr. Darby fired a number of his staff, and gradually is building his own handpicked team.

"One of the biggest problems with the local staff is getting them to understand that the customer is always right," Mr. Darby said. Communication can be difficult, since few of the staff speak English and Mr. Darby has not had time yet to study Mandarin.

At the moment he has one Hong Kong recruit for every three locals in a staff of more than 300. His wife, Norma, holds English classes geared to staff duties according to a schedule the couple worked out together, "so that as few as possible have to attend at the end of long working days."

Some of the classes for the Chinese restaurant staff have to go from 10:30 P.M. until 11:45, she explained. Most of the employees are tired, and she has a lot of trouble keeping them awake.

"So, I've set a lot of the most important words to music," she explained, and when they start to nod off, we sing them — numbers, alphabets, verbs — especially verbs, which Chinese don't like to use."

Part of Mr. Darby's concern is to get his operation running smoothly before the onslaught of a threatened hotel glut in Shenzhen. Foreign investment of more than \$700 million has already put a strain on comfortable accommodations for resident businessmen. Border crossings have now reached 40,000 a day. He says he has heard of proposals for another 20 hotels to be built in Shenzhen soon.

Mr. Darby's friendly competition at the moment consists mainly of the East Lake Hotel, another joint venture interests, which is not so centrally located but offers tennis courts and a swimming pool. Recreational facilities are keenly valued by foreigners in mainland posts, where leisure activities are nearly nonexistent.

Mr. Darby is not entirely con-

China Revising Investment Laws

Reuters

BEIJING — China is drafting a large number of new laws to improve the climate for foreign investment and calm fears of foreign investors about their legal safeguards.

The People's Daily, in its overseas edition, said Monday that the laws will apply to joint ventures, foreign-owned businesses, foreign trade, maritime affairs, companies and bankruptcy.

Since China opened its doors to foreign investment in 1979, there have been more than 50 laws and regulations written on foreign economic relations, according to the newspaper.

He said that the Shenzhen International plan to build a skating rink at his hotel is going to increase the foreign business trade — at the moment more than 70 percent of his guests are from Hong Kong, 20 percent are from China and 5 percent from Japan.

In the face of Shenzhen's civic problems, he is concentrating instead on upgrading business services which he feels will be the key to competition among the new foreign hotels in China.

Among other things, he hopes to put together a much-needed foreign businessman's guide to Shenzhen. Although no hotel in Shenzhen can yet offer a telex service, there is direct dialing to both Hong Kong and Guangzhou, as well as secretarial and copying facilities at both the Shenzhen International and the East Lake.

Unfortunately, even his best laid plans can go awry.

Having laboriously set up an arrangement to offer telex to his guests by phoning the messages to his Hong Kong office, from whence they are sent, he received a lengthy telex and gave it to the operator in his office.

"Twenty-five minutes later, we realized that the two operators couldn't even understand each other," he said. "Then my desk started to charge the guest for the long distance phone call. I said, 'How can we charge him when we didn't deliver?'"

THE EUROMARKETS

Flood of Yen/Dollar Issues Deluges Session

Reuters

LONDON — The Eurobond market was dominated Monday by a flood of new yen/dollar dual-currency issues. The issues totaled nearly 100 billion yen by the close of secondary-market trading, dealers said.

Dealers were bemused by the rush of new issues. Many assumed that the new paper would remain in the hands of managers for some time. The issues are believed to be aimed largely at Japanese investors, who cannot buy the bonds until six months after their launch.

Syndicate managers said they believed that the dual-currency bonds could attract strong Japanese investor demand, noting that all of Friday's issues pay 8 percent a year over 10 years, nearly 2 points above Japanese government bond yields.

They added that they believed that all the issues were related to swap transactions, generally into floating-rate dollars.

Some said that Japanese companies with long-term dollar-financing needs might be counterparties

to the swaps, being willing to offer terms of up to 10-point below London interbank offered rates in return for being paid in dollars at an attractive, pre-set rate.

As well as having the same coupon and fees, all the dual-currency issues will be redeemed in 10 years at a rate of 208 yen to the dollar. The yen has been trading lately at about 238 to the dollar. The only difference in terms between the bonds were their pricing, dealers noted.

Nomura International Ltd. lead managed three of the day's four dual-currency bonds — 25 billion yen for BP Overseas BV at 10 1/4 percent, 20 billion yen for Phibro-Salomon Inc. at 10 1/16 percent and 20 billion yen for Eksportfinans A/S at 10 1/8 percent.

Exsptfinans also launched a 20-billion-yen zero-coupon bond, led by Yamachi International (Europe) Ltd., due in 1995. It was priced at 54.5726 for a yield of 6.244 percent.

The other issue was for Honeywell Inc. and was lead managed

by Daiwa Europe Ltd. It had an issue price of 101. Dealers said that market prices were difficult to obtain for all four dual-currency issues.

In other new-issue activity, Credit Suisse First Boston Ltd. launched a \$100-million bond issue for Campbell Soup Co. that was well received by retail investors, dealers added.

The 10-year issue pays 10 1/2 percent and was priced at par. It closed at a discount of about 1/4 point on the market, well inside the 1 1/4 point selling concession and total fees of 2.

In the secondary market, the dollar-straight and floating-rate notes were boosted by Friday's comments by Salomon Brothers' chief economist, Henry Kaufman, that the Federal Reserve Board may ease policy to stimulate a sluggish U.S. economy.

The floating-rate note sector showed gains of around five basis points. Eurodollar deposit rates showed falls of up to 1/4 point from Friday's closing levels.

(Reuters, AP)

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York Time. Via The Associated Press

12 Month High Low Stock Div. Yld. 10% High Low 3 P.M. C/Yr

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Green Wins PGA by 2 Shots Over Trevino

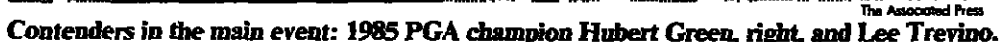
Those considerable antes by Green and Trevino accounted for a



Iron Squalid comes in several

Reuters-United Press International
on this steel attempt Sunday

earned-run average, Davis was a little awed at making his major-league debut Sunday. Being called up "was the last thing on my mind," he said. "I was on a plane about an hour after they told me, so



earned-run average, Davis was a little awed at making his major-league debut Sunday. Being called up "was the last thing on my mind," he said. "I was on a plane about an hour after they told me, so

tion, Ron Guidry became the American League's first 15-game winner as New York completed a three-game sweep of the Red Sox and stretched their winning streak to six games. Guidry, who has won 13 of his last 14 decisions, allowed seven

seven in ending a personal five-game losing streak. Trailing by 6-1, Seattle sent 13 batters to the plate in their big inning, which included two Oakland errors, Henderson's two-run double, Cowens's two-run single, run-scoring singles by Alvin

Expos 6, Pirates 5: In Montreal, Andre Dawson's three-run home run in the ninth — his third homer in two games — gave the Expos

Larry Fleisher, general manager of the players' association, is not so sure. "I would like to see the league's contract expire then, and so will the players' association," he says.

and nobody knows what's in the Robertson Agreement, a collective bargaining agreement that would affect free agency, will be all the salary cap. The general counsel for the NBA is setting his sights on a big deal with the draft.

But, a member of the NFL Management Council, will negotiate the league's new deal with the players' union. When Miller last week's baseball strike, he won't put its effect. "If this one lasts any time, it really harden the fans, I think," he says. "It's really sad. But maybe something good will come out of it. Maybe our players will think about it."

Football

CFL Standings

	Eastern Division						Pts
	W	L	T	PF	PA	Pct	
Montreal	4	2	0	122	71		8
Toronto	4	2	0	175	254		6
Ottawa	3	3	0	106	183		4
Hamilton	1	4	0	107	127		2

	Western Division						Pts
	W	L	T	PF	PA	Pct	
Brit. Cmb.	5	0	0	177	65		10
Edmonton	3	3	0	151	149		6
Saskatchewan	3	2	0	146	116		6
Winnipeg	3	2	0	143	112		6
Calgary	3	2	0	66	131		6

Supply's Result
 1st Round: 10-10-80
 2nd Round: 10-10-80
 3rd Round: 10-10-80
 4th Round: 10-10-80
 5th Round: 10-10-80
 6th Round: 10-10-80
 7th Round: 10-10-80
 8th Round: 10-10-80
 9th Round: 10-10-80
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 100th Round: 10-10-80

De La Welbring, \$1,534	72-71-77-76-798
Hal Saurman, \$1,534	75-75-76-76-78
Tommy Smith, \$1,534	75-75-76-76-78
Mike McNulty, \$1,500	74-73-77-75-799
Mike Reid, \$1,500	75-75-77-79-79
Robert Harvi, \$1,500	73-74-76-77-77
Tommy Smith, \$1,500	75-75-77-77-79
David Glantz, \$1,500	75-74-77-79-79
Al Gelberger, \$1,500	73-74-75-75-79
Mike Smith, \$1,500	71-76-73-75-79

LEADERS' FINAL ROUND CARDS

Par out	444	432	336-35
Greens	444	432	336-35
Traverse out	440	534	332-33
Traverse in	343	643	434-34
Chen out	344	444	333-33
Chen in	444	335	332-33

Price out

Par in	453	463	459-36-71-528
Green in	443	454	37-75-778
Traverse in	344	444	333-33
Bezan in	442	543	444-34-55-481
Chen in	542	359	344-33-45-481
Price in	454	443	454-38-71-528

A black and white portrait of a man with a beard and mustache, wearing a Boston Red Sox baseball cap. The image is grainy and has a high-contrast, almost stencil-like appearance.

Astros 7, Padres 2: In San Diego, Mark Bailey and Bill Doran both homered in a three-run eighth to power the Astros past San Diego. Bailey's shot off Andy Hawkins opened the inning and broke a 2-2 tie; Doran homered after winning pitcher Bob Knepper had singled. Doran had three hits, including a run-scoring double, and drove in three.

Brewers 7, Giants 4: In San Francisco, pinch-hitter Rick Cerone's sacrifice fly broke a 4-4 tie and triggered a three-run eighth-inning rally that boosted Atlanta past the Giants. Rookie right-hander Joe Johnson went seven innings to gain his first major-league victory.

Triples: Wilson, Kansas City, 16; Butler, Cleveland, 11; Puckett, Minnesota, 10; Cooper, Milwaukee, 8; 5 tied with 6.
Home Runs: Fisk, Chicago, 20; Da. Evans, Detroit, 24; Balboni, Kansas City, 24; G. Thomas, Seattle, 24; Presley, Seattle, 24.
Steal Bases: R. Henderson, New York, 51; Pettis, California, 24; Wilson, Kansas City, 33; Butler, Cleveland, 24; L Smith, Kansas City, 27.

Carlton Fisk
... Home run No. 30

PINT/Thomas Bonk

Pains: Hock

and scored another to support Jerry Reuss's six-hit effort. Reuss faced only 31 batters in registering his third shutout of the season and No. 37 lifetime. (UPI, AP)

NATIONAL LEAGUE

	G	A	B	R	H	Pct.
McGee St. L.	102	603	78	141	391	
Cogswell La.	76	517	54	117	293	
Hew St. L.	106	399	64	127	311	
Gwynne S.D.	165	428	59	131	396	
Clark Min.	97	380	47	118	303	
Purser Chi.	117	434	58	118	362	

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...n strike in
...ining camp
...in 1974

But that was when the league was on a downward trend that is now or promises to be, Carl Scheer, general manager of the Los Angeles Clippers, believes that a healthy union will raise the expectations of the union. "It's not a level that could mean big labor problems for the NBA."

When we averted a strike, it was for a reason," said Scheer. "We're over our earlier years, but it's like anything else — when the

Raines Mondr. 183 399 76 118 293
Rainsboro Chl. 101 410 72 127 285

Rums: Murphr, Atlanta, 90; Calenm:
St. Louis, 79; Guerrero, Los Angeles, 77;
Raines, Montreal, 76; McGeen, St. Louis, 75.
RBMs: Murphr, Atlanta, 82; J. Clark,
St. Louis, 80; Parker, Cincinnati, 80; Herr,
St. Louis, 78; G. Wilson, Philadelphia, 69.

Trills: McGeen, St. Louis, 141; Grynn, San
Diego, 137; Parker, Cincinnati, 128; Herr,
St. Louis, 127; Garvey, San Diego, 124.

Doubles: Ballouy, Montreal, 29; Parker,
Cincinnati, 27; Herr, San Diego, 26; J. Clark,
St. Louis, 25; McGeen, St. Louis, 24.

Hitters: McGeen, St. Louis, 12; Coleman,
St. Louis, 9; Raines, Montreal, 8; Samuel,
Shanghai, 8; D. Gladwin, San Francisco, 4.

seems fair, since we put you into this situation. You're the first place-

moment, the most secure professional in the NFL, which hardly seems fair. "I'll get my ball got into this strike mode in the NFL. The NFL's labor contract with the union is the one that ended a 57-day canceled 98 games in 1982. The issue then was the players' wanting a share of the gross revenue. They didn't get it. I was hired for something similar, which was to be a strike."

PITCHING
Wen-Lou/Winslow *PI/ERA*: Franco, Cincinnati, 1.7, 906; 1.0%; Welch, Los Angeles, 6-1, .889; 1.84; Gaudin, New York, 19-8, .857; 1.64; Herbershler, Los Angeles, 19-23, .868; 2.43; Howsine, San Diego, 16-4, .778; 3.31; Strickland, Golden State, 19-18, .858; Ryan, Houston, 14-1; Soto, Cincinnati, 18; Valenzuela, Los Angeles, 15; Darling, New York, 17-22.
Saves: Reardon, Montreal, 29; La Smith, Cincinnati, 23; Gossage, San Diego, 23; Powers, Cincinnati, 19; Sutter, Atlanta, 19.

series sometime in June, probably break loose, and go on to happen. That's which is the league's credit and basically to expire then, and so win.

Larry Fleisher, general players' association, is a target. He would like to "We would act to a player movement. It should be like any other employment with whom

...player costs.
...er, a member of the NFL Manage-
...ncil, will negotiate the league's next
... with the players' union. When Miller
... last week's baseball strike, he won-
... at its effect. "If this one lasts any time
... really harden the fans, I think," he
... really sad. But maybe something good
... out of it. Maybe our players will think
... strike a couple years down the road."
... things are going in the walkout
... there may be many more strikes to
... ut.

